

STANDING COMMITTEE ON
COAL AND STEEL (2013-2014)
FIFTEENTH LOK SABHA

MINISTRY OF STEEL

"PROMOTION OF STEEL USAGE"

**[Action Taken by the Government on the Observations/
Recommendations contained in the Thirty-Ninth Report of the
Standing Committee on Coal and Steel (Fifteenth Lok Sabha)]**



FORTY-SEVENTH REPORT

**LOK SABHA SECRETARIAT
NEW DELHI
DECEMBER, 2013/AGRAHAYANA, 1935(Saka)**

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Presented to Lok Sabha on 17.12.2013

Laid in Rajya Sabha on 17.12.2013



**LOK SABHA SECRETARIAT
NEW DELHI
December, 2013/Agrahayana 1935 (Saka)**

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2013-14)

Shri Kalyan Banerjee - Chairman

Name of the Member

Lok Sabha

2. Shri Hansraj Gangaram Ahir
3. Shri Sanjay Bhoi
4. Shri Bansa Gopal Choudhary
5. Smt. Jyoti Dhurve
6. Shri Ganeshrao Nagorao Dudhgaonkar
7. Shri Sabbam Hari
8. Shri Vishwa Mohan Kumar
9. Shri Yashbant N.S. Laguri
10. Shri Pakauri Lal
11. Shri Babu Lal Marandi
12. Shri Govind Prasad Mishra
13. Shri Rajaram Pal
14. Kumari Saroj Pandey
15. Shri Gajendra Singh Rajukhedi
16. Shri K.R.G. Reddy
17. Shri Pashupati Nath Singh
18. Smt. Rajesh Nandini Singh
19. Shri Uday Pratap Singh
20. Shri K. Shivkumar alias J.K. Ritheesh
21. Shri O

Sabha

22. Shri
- 23.
- 24.
- 25.
26. Shri
- 27.
28. Shri
29. Shri
30. Shri
- 31.

SECRETARIAT

- | | | | |
|----|--------------------|---|---------------------|
| 1. | Shri Shiv Singh | - | Director |
| 2. | Shri Arvind Sharma | - | 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 Forty-Seventh Report (Fifteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Thirty-Ninth Report of the Standing Committee on Coal and Steel (Fifteenth Lok Sabha) on "Promotion of Steel Usage" pertaining to the Ministry of Steel.

2. The Thirty-Ninth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 29th August, 2013. Replies of the Government to all the observations/recommendations contained in the Report were received on 13th November, 2013.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 10.12.2013.

4. An analysis on the Action Taken by the Government on the observations/recommendation contained in the Thirty-Ninth Report (Fifteenth Lok Sabha) of the Committee is given at **Annexure-II.**

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Chapter-I of the Report.

**NEW DELHI;
16 December, 2013
25 Agrahayana, 1935(Saka)**

**KALYAN BANERJEE
Chairman
Standing Committee on Coal and Steel**

REPORT

CHAPTER – I

This Report of the Standing Committee on Coal and Steel deals with Action Taken by the Government on the Observations/Recommendations contained in the Thirty-Ninth Report (Fifteenth Lok Sabha) of the Standing Committee on Coal and Steel on "Promotion of Steel Usage" relating to the Ministry of Steel which was presented to Lok Sabha on 29.08.2013 and laid in Rajya Sabha on 29.08.2013.

2. The Action Taken replies have been received from the Ministry of Steel in respect of all the 12 Observations/Recommendations contained in the Report on 13th November, 2013. These have been categorised as follows:

- (i) Observations/Recommendations that have been accepted by the Government:
Sl. Nos. 1, 2, 5, 7, 8, 10, 11 and 12

Total – 8
(Chapter II)

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:
Sl. No. Nil

Total – 00
(Chapter III)

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:
Sl. Nos. 4, 6 and 9

Total – 03
(Chapter IV)

- (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:
Sl. No. 3

Total – 01
(Chapter V)

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken notes on the Observations/Recommendations contained in Chapter-I and final Action Taken Replies to the Recommendations contained in Chapter-V of this Report be furnished to them at an early date.

4. The Committee will now deal with the Action Taken by the Ministry on some of their observations/recommendations made in the Thirty-Ninth Report.

WORKING GROUP ON STEEL FOR 12TH FIVE YEAR PLAN

Recommendation Serial No.3.

5. The Committee noted that the Working Group on Steel for 12th Five Year Plan had indicated that in order to achieve double digit growth rate of domestic steel consumption investments of 1 billion dollar in infrastructure and setting up of the national manufacturing and investment zones are required as integral part to accelerate the pace of implementation of infrastructure projects in the country. The Committee had been apprised that steps were being taken by the Government/Steel Companies to improve the cement to steel ratio in construction, deeper penetration into rural markets, diversification strategies etc. as pointed out by the Working Group. Further, Institute for Steel Development and Growth (INSDAG) had been continuously propagating various ways and means to improve steel to cement ratio in construction, preparation and dissemination of various reports / guidebooks / manuals / Codes & Standards, continuous education to professionals, faculties and students through various classrooms trainings / seminars / competitions, representation to various implementing authorities for steel / steel-concrete composite construction, etc. The Committee had been informed that one prominent example in this regard was extensive and exclusive use of structural steel in airport

modernization across the country. Taking note of the huge investments required in manufacturing and infrastructure projects, the Committee would like to be apprised of the investments made by Steel PSUs for undertaking modernisation programme and product diversification strategy so far with focus on value added products.

6. The Ministry of Steel in their action taken reply have furnished as follows:-

"Steel Authority of India Limited (SAIL)"

Steel Authority of India Ltd. (SAIL) has undertaken Modernisation & Expansion plan at its integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur & ISP and special steel plant at Salem. SAIL envisages increase in its crude steel production capacity from 12.8 Mtpa to 21.4 Mtpa in the current phase.

Besides capacity enhancement, the growth plan adequately addresses enriching product mix with introducing customer centric processes. The product mix envisaged plant –wise are given below;

Facility	Product mix
Universal Section Mill at ISP	<ul style="list-style-type: none"> • Beams with Parallel Flange (IPE-I Beam Equal Parallel Flange) • H-beams (HE-H Section Equal Flange) • Channels • Equal Angles • Special Sections • (Sheet Piles, Z-Sections etc.)
Wire rod mill at ISP	For producing various grades for different applications
Bar mill at ISP	For producing various grades for different applications
Universal Rail Mill at BSP	State-of-the-art Mill along with rail welding facility for catering to demand of Indian Railways and producing up to 260m long rails
Bar & Rod Mill at BSP	For producing various grades and quality of bars and wire rods for different applications
New CRM complex at BSL	State-of-the-art facility to produce a wide range of CR/ galvanised products for catering to different customers/ segments (auto body industry, white goods industry, appliance industry, etc)

New Plate Mill at RSP	For producing wider plates (4.3 m)
New Medium Structural Mill at DSP	Modern facility for producing universal beams and other structural for different applications

Rashtriya Ispat Nigam Limited (RINL)

As per the Detailed Project Report of 3.0 Mtpa, the plant was designed to manufacture mild steel products. However, over a period of time, expertise has been developed to manufacture value added steel products. Currently, about 80% of the steel products produced and marketed are value added steel products. For meeting construction sector requirements rebars in various grades like Fe 500, Fe 550, Fe 500 D, CRM, HSCRM etc. have been developed. These products help in reducing the cost per unit of construction.

RINL prepared its long term directional plan for enhancing its capacity in line with the increasing demand for steel in the country. RINL is on the verge of completing its expansion from 3.0 Mtpa to 6.3 Mtpa at a cost of about Rs 12,300 cr. In this expansion, secondary refining facilities like Ladle Furnace, RH Degasser, Electro Magnetic Stirrer (EMS) are set up to facilitate manufacturing value added steel products suiting to the requirement of automobile and manufacturing sectors. The production capacities of much needed TMT Bars and Structurals required for Infrastructure Sector are going to be enhanced substantially in this expansion. Further, jobs related to the next phase of expansion to 7.3 Mtpa through up-gradation and modernization and addition of new facilities have also started. RINL is investing about Rs 4000 cr. for modernization and up-gradation. Besides this, about Rs 5,000 cr. worth projects are undertaken / being undertaken for value addition viz. Seamless Tube Mill, Wheel Plant, Axle Plant etc. RINL commenced plans to diversify into flat product segment and the capacity is going to be increased to 11/12 Mtpa at an estimated cost of Rs 22,000 cr. Ultimately the capacity is going to be enhanced to 20 Mtpa, making RINL the largest capacity single location Integrated Steel Plant in the country.

The capital expenditure is not only going to enhance production capacity but also help in widening the product range through production of high end value added steel products, enhancing generation capacity of electricity, productivity enhancement, etc."

7. According to Working Group on Steel for 12th Five year Plan, investments of 1 billion dollar in infrastructure and in setting up of national manufacturing and investment zones are required as

integral part to achieve double digit growth rate of domestic steel consumption. In view of huge investment required in manufacturing and infrastructure projects, the Committee had desired to be apprised of the modernisation programme and product diversification strategy along with investments made by Steel PSUs to focus on value added products. In this regard, the Ministry of Steel in their Action Taken Reply have informed the Committee that RINL plans to invest about Rs. 4,000 crore for modernization and upgradation. Besides this, about Rs. 5,000 crore worth projects are undertaken for value addition viz. Seamless Tube Mill, Wheel Plant, Axle Plant, etc. As regards SAIL, the Committee have been informed that the company has undertaken modernization and expansion plan at its integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur and ISP and special steel plants at Salem. It also envisages increase in its crude steel production capacity from 12.8 Mtpa to 21.4 Mtpa in the current phase. In view of the fact that the reply of the Ministry is silent on the investments made so far by SAIL in modernization programme, the Committee would like a detailed note of the approved outlays for undertaking modernisation and expansion plan of SAIL units during the 11th and 12th Five Year Plans with time and cost overrun.

Recommendation Serial No.4.

8. The Committee noted that the Working Group on Steel for the 12th Five Year Plan Period had stressed on the need for projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana and Rajiv Gandhi Awas Yojana to increase the per capita steel consumption. The Committee had

been given to understand that INSDAG had developed comprehensive design and construction manual for small span bridges & culverts for National Rural Roads Development Agency (NRRDA) under Ministry of Rural Development and Ministry of Road Transport and Highways (MORTH) for implementation of the same in rural areas. These steel based designs of rural bridges & culverts are presently being implemented in various parts of the country. While observing that INSDAG was constructing two prototype buildings in Tripura for exposure to rural masses and one such building had been constructed at a remote village in West Bengal, the Committee recommended that this concept be followed in more and more States to create greater awareness for use of steel to help the rural people. The Committee also desired that Border Road Organisation and National Highways Authority of India should also be pursued by Ministry of Steel to develop comprehensive design and construction manual for their use as developed by INSDAG for NRRDA.

9. The Ministry of Steel in their action taken reply have furnished as follows:-

"INSDAG

INSDAG has developed Design Manual similar to the one prepared for National Rural Road Development Agency (NRRDA) for 4 different spans (25m, 30m, 35m and 40m) with or without footpath and submitted the same to Ministry of Road Transport and Highways. This is pending with M/o RTH more than a year and it is understood that M/o RTH is looking for proof checking of the design submitted by INSDAG who is regularly following up with M/o RTH for finalization of the manual."

10. As regards construction of rural bridges and culverts, the Committee were informed that these were being implemented in various parts of the country based on the design and construction manual developed by INSDAG. The Committee had recommended that the concept of constructing prototype buildings in Tripura and West Bengal should be taken to more and more States to create greater awareness for use of steel to help the rural people. The

Committee are, however, unhappy to note that though the Working Group on Steel for 12th Five Year Plan Period has stressed on the need for projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana and Rajiv Gandhi Awas Yojana to increase the per capita steel consumption especially in the rural areas, the reply of the Government is silent on the steps taken for covering more States and to create awareness to boost steel consumption. The Committee would, therefore, like to be apprised of the steps taken by the Committee to popularize the comprehensive design and construction manual developed by INSDAG by constructing prototype buildings in more and more States and would like that Government should come with a comprehensive plan to ensure that all the States and Union Territories are covered in a time bound manner.

Recommendation Serial No.6

11. As regards the thrust given to design product developments and capacity building in fabrication of steel articles needed by the rural economy for houses for villages, community halls, culverts and bridges etc., the Committee observed that RINL had planned to set up Steel Processing Units to manufacture 'Made to Order' steel products on various locations in the country. The shapes and sizes required by the customers from rural areas were planned to be manufactured from these Special Processing Units. The Committee noted that SAIL has taken up comprehensive development of 79 model Steel villages spanning over 8 States and development work undertaken in these villages was likely to result in generation of steel demand. Further, as per designs developed by INSDAG, RINL had built a steel village with some houses, school building and community centre in the vicinity of the Vishakhapatnam Steel Plant. While appreciating RINL plan to set up Steel Processing Units at various

locations in the country, the Committee desired that Government should come out with a plan where all steel producing units, be in public or private sectors, were directed to set up such 'Made to Order' Special Processing Units at various locations in the country to boost the per capita steel consumption in rural areas.

12. The Ministry of Steel in their action taken reply have furnished as follows:-

"Steel Authority of India Limited (SAIL)"

SAIL is in process of setting up service centre at some locations in the country. Marketing circular has already in place for setting up Long product service centre at Mumbai and Ghaziabad. BSO, Jaipur is in process for publication of tender document for setting up service centre at Bhiwadi for processing of Flat product.

SAIL has also prepared study report for setting up service centre for Flat product and currently under process for making feasibility report for setting up own service centre for Flat product at Chennai and Pune warehouses

In order to increase the consumption of steel in rural areas, SAIL launched a new "Rural Dealership Scheme" during August 2011 in addition to its existing Dealership Scheme. Under this scheme, rural dealers have been appointed at Talukas / Blocks / Panchayat levels. As on 1st Sept, 2013, 700 rural dealers were appointed in addition to 2216 SAIL Dealers. Products primarily covered under this scheme are TMT Bars, Light Structurals, GP and GC Sheets. The logistics part of delivering the materials at the dealers' premises is undertaken by SAIL free of cost to the dealers.

"Rashtriya Ispat Nigam Limited (RINL)"

RINL has initiated action for taking Steel Processing Units (SPUs) for conversion of semis produced in the Plant into economy grade rebars and structurals suiting to the construction requirements. Till now, RINL finalised two SPUs, one each at Ambedkar Nagar and Gonda in UP. These two SPUs shall come in to production within two years and have a capacity of 72000 tonnes per annum each, with all latest quality parameters.

In addition to these, two more SPUs are in Tendering stage, one at Bhilwara and another at Patna. These 4 SPUs will have a capacity for producing about 2.8 lakh tonnes of Rebars and Structurals per annum.

RINL plans to set up Service Centres at major Metros in the country to facilitate manufacturing of steel products of different shapes and sizes as per the customers' requirements. This concept helps in minimizing wastage of steel at the customers' premises. The customers can order the products in different shapes and sizes suiting to their construction requirements."

13. The Committee had observed that RINL has planned to set up two steel processing units to manufacture 'Made to Order' steel products on various locations in the country to meet the requirement by the consumers in rural areas. Similarly, SAIL is reported to have taken up comprehensive development of 79 model steel villages spanning over 8 States. What has perturbed the Committee is that despite their recommendation to the Government to come out with a plan directing all steel producers, be in public or private sectors to set up such 'Made to Order' special processing units at various locations in the country to boost the per capita steel consumption in rural areas, the Government have failed to issue necessary instructions in this regard and have merely forwarded the action taken by the Steel PSUs viz. SAIL and RINL. The Committee, therefore, reiterate that Government should issue necessary direction to all major steel producers in the country to set up special processing units at various locations particularly in rural areas to boost the per capita steel consumption.

MARKET DEVELOPMENT PROJECTS

Recommendation Serial No.9

14. The Committee noted that in 1997, the Government had decided that an amount of Rs. 5 crore per annum be spent on projects intended to develop the market for steel. These market development projects were

meant for popularizing steel houses in the country through innovative applications/use of steel in different areas. The Committee were dismayed to note that only four projects with total grants amounting to Rs. 38.12 lakh were taken up for these marketing development projects in the last 5 years. The projects included skill-cum-entrepreneurs development programme in Uttar Pradesh and West Bengal, design manual for steel structurals and hand book on architectural and construction in steel. The Committee could not but deplore the inaction on the part of the Government and Institute for Steel Development and Growth (INSDAG) for their utter failure to implement the project in right spirit which was set up more than a decade ago for promotion of steel use in Indian construction and infrastructural sectors. The Committee felt that INSDAG has failed to achieve its objectives of promotion of steel use by not providing requisite thrust to increase steel consumption particularly in rural areas as it was unable to come up with market development projects. What had further pained the Committee was that despite the existence of various agencies like JPC, INSDAG, Evaluation Committee for monitoring and implementation of MDP, Steel PSUs and private companies, no concrete steps were made to increase consumption of steel. The Committee strongly recommended that necessary steps be taken by the Government to ensure that more and more market development projects were taken up and the grants of Rs. 5 crore per year be fully and gainfully utilized for resultant increase in per capita consumption of steel.

15. The Ministry of Steel in their action taken reply have furnished as follows:-

"Joint Plant Committee (JPC) and INSDAG

Joint Plant Committee (JPC) has been organising the Evaluation Committee Meeting for screening project proposals under Market Development Projects (MDP). To ensure appropriate coverage and submission of projects, the following institutions were approached to submit proposals under MDP.

- Steel Authority of India Ltd (SAIL)
- Tata Steel Ltd (TSL)

- Rashtriya Ispat Nigam Ltd (RINL)
- Essar Steel Ltd
- JSW Steel Ltd
- Jindal Steel and Power Ltd (JSPL)
- MECON Ltd
- SAIL-RDCIS
- The Indian Institute of Metals (IIM)
- National Institute of Secondary Steel Technology (NISST)
- Economic Research Unit / Joint Plant Committee

However, it is only SAIL, JPC, NISST and INSDAG who have submitted project proposals for consideration under MDP so far.

- The specific activities undertaken by INSDAG for promotion of steel usage in construction and infrastructure sectors have been elaborated under point no. 4 and point nos. 7 and 8.
- INSDAG has undertaken Entrepreneurship and Skill Development Programme (ESDP) training programme for rural entrepreneurs to make them steel fabricators under MDP scheme and has already conducted programmes each spanning over 21-days at Kolkata, Kanpur, Bhubaneswar and Bokaro and is shortly going to conduct training programme at Patna, Agartala and other places.
- The list of projects submitted to MDP during 2013-14 :

Name of the Project	Value of the Project
Development of E-Course / Training Module on Structural Steel Design for Civil Engineering Students	Rs.69.00 lakhs
Project to Increase Steel Consumption in rural Sector	Rs.56.80 lakhs
Entrepreneurship and Skill Development Programme at Tripura	Rs.26.82 lakhs

- The steel-concrete composite methodology adopted by INSDAG has become extremely popular in construction sector. This design of INSDAG was implemented in the following structures:-
 - Handloom House Complex at Janpath New Delhi during 2012
 - Indira Paryavaran Bhawan at Jorbagh New Delhi during 2012
 - Office Complex at Metro Vally Project at Special Economic Zone (SEZ) Delhi, Sardar Vallabhbhai National Institute of Technology (SVNIT), Surat."

16. The Committee were concerned to note that though the Government had decided to spend Rs. 5 crore per annum on Market Development Projects (MDPs) intended to develop the market for steel, the Ministry of Steel and Institute for Steel Development and Growth had failed to implement the project in right perspective. Although in their action taken reply, the Ministry of Steel have informed the Committee that various institutions viz. Steel Authority of India Ltd.; Tata Steel Ltd.; Rashtriya Ispat Nigam Ltd.; Essar Steel Ltd.; JSW Steel Ltd.; Jindal Steel and Power Ltd.; MECON Ltd.; SAIL-RDCIS, etc. were approached to submit proposals under Market Development Projects, the Committee find that even during 2013-14, only 3 MDP namely Development of E-Course /Training Module on Structural Steel Design for Civil Engineering Students; Project to Increase Steel Consumption in rural Sector; and Entrepreneurship and Skill Development Programme at Tripura have been submitted with a total budget amount of Rs. 152.62/- lakh. As Joint Plant Committee who is organizing the Evaluation Committee Meeting for screening project proposals under MDP have failed to come up with the projects intended to develop and popularize utilization of steel, the Committee feel that necessary steps ought to be taken by the Government to popularize the utilization of steel. At the same time, the Committee reiterate their earlier recommendation and desire that the Government should ensure allocation and utilization of Rs.5 crore per year for Market Development Projects.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation Serial No.1.

The per capita consumption of steel is considered as an important index for the socio-economic development and living standard of the people of any country. The Committee are concerned to note that though India ranked 4th in the world steel production with annual production of steel at 73.6 million tonne after China (716.5 million tonne) Japan (107.2 million tonne) and USA (86.4 million tonne), the per capita consumption of finished steel in the country stood awefully at 60 kg against the world average of 216.9 kg. during 2012 which is also much below the per capita finished steel used in South Korea (1114.1 kg.) Japan (506 kg.), China (477.4 kg.). The Committee also note that per capita consumption in the country have risen from 39.6 kg. in 2006 to 59.8 kg. in 2012. Although, the Committee note that after their recommendation [25th Report on Demands for Grants (2007-08)] to the Ministry to achieve the huge growth potential and to create required infrastructure for steel industry as well as increase per capita consumption of steel, there has been increase of about 16.6 kg of per capita consumption of steel in the country, they, however, are of the view that with the present rate of increase in per capita consumption of steel, it may take centuries to catch up with the developed countries like South Korea, Japan and even China in per capita consumption of steel in the country. Though SAIL has formulated a new SAIL Rural Dealership Policy only during 2011-12, RINL does not have such policy to increase growth of steel usage in rural areas. The Committee strongly believe that India being a developing country, there is a huge scope for increase in steel consumption in infrastructure sector like roads, railway network, sea ports, airports, large scale housing projects, industries including capacity addition in power generation and distribution, oil and gas, steel communication, manufacturing sectors, agricultural sector, construction of dams and bridges, interlinking of rivers, mechanization of farming, tapping potential of steel consumption in rural area, fencing of country borders, etc. The Committee would like the Ministry of Steel/Steel PSUs to formulate a comprehensive policy for promotion of steel usage since the consumption of steel has a direct bearing on the production of steel keeping in view the manifold increase in the steel production in the coming years.

Action Taken

Steel Authority of India Limited (SAIL)

Apart from Brand promotion at Corporate level, SAIL has a policy of promotion of steel (SAIL products) through its dealer network. The promotional activities undertaken in Retail group are primarily at the level of individual dealers, as per SAIL Dealership Policy. The expenditure is a

function of the total off-take of Dealers. The efforts of the dealers are supplemented by organising different activities at the Branch/ Regional level like conducting Mason Meets, Dealer Meets; Architects Meet, participation in exhibitions, sponsoring different programmes etc. In addition, promotion of steel usage is carried out by means of putting up stalls in trade fairs and exhibitions, printing of pamphlets for dealers and installation of hoardings in major cities.

Rashtriya Ispat Nigam Limited (RINL)

Rural Dealership Scheme of RINL

RINL implemented District Level Dealership Policy in 2004-05 to ensure availability of steel in the rural areas. As per this Scheme, Dealers are appointed in second level towns in the districts. Subsequently, with a view to give a boost to steel consumption in the rural areas, RINL introduced the Rural Dealership Scheme (RINL-RDS) in January 2011. As per this Scheme, Rural Dealers are appointed at Block Level and Panchayat Level locations. Over a period of time, Rural Dealership Scheme is gaining popularity and entrepreneurs are coming forward for taking Rural Dealership of RINL.

The Schemes envisage availability of steel to the rural consumer and also provide gainful engagement to rural entrepreneurs. The scheme focuses on inclusive growth and has no restrictions on enrolment. The process of appointment of dealers under Rural Dealership Scheme is simple and appointment is continuous. Preference is given to SC/ST/OBC and Women categories in allotment of Dealership.

In addition to these RINL appoints of Retailers in urban and semi-urban areas, who also supply steel products to the Rural Customers.

Salient features of Rural Dealership Scheme (RINL-RDS)

- a) To create a spot market and a future market for RINL steel products in rural areas.
- b) To promote the image of the Company as a responsible corporate citizen that makes its products available in rural areas- Block / Panchayat Levels for development.
- c) To promote inclusive growth.
- d) To have an additional avenue for product promotion in the vast rural market.

With a view to giving wide publicity to the Rural Dealership Scheme initially, RINL Rural Dealership Scheme was launched at Bhubaneswar, Bengaluru, Lucknow and Jaipur during 2011-12.

During July 2012, advertisements were released by various Branches of RINL for appointment of Rural Dealers in their respective areas. During Sept/Oct 2012, advertisement were released by various Branches of RINL for appointment of Rural Dealers from the States / Union Territories like North Eastern States, J&K, HP, Pondicherry,

Andaman & Nicobar Islands, Lakshadweep, Daman & Diu, Jharkand, etc. where RINL does not have a sales outlet or presence is meager.

Advertisement / Notice for appointment of Rural Dealers is on continuous display at the RINL Web Portal "www.vizagsteel.com" in Marketing Department Page from 20.01.2013.

As a result of concerted efforts for widening Rural Dealership Network, the number of Dealers has almost doubled in 2012-13, compared to the previous year. Status of Rural Dealers at the end of H1 of 2013-14 is as under:

Financial Year	No. Rural Dealers
10 - 11	229
11 - 12	318
12 - 13	606
13 - 14 (upto Sept'13)	631

Capacity enhancement of RINL to cater to increasing demand of steel

RINL is in agreement with the suggestions / recommendations of the Committee on potential for growth in various sectors resulting in increasing steel consumption in the country. In order to meet the increasing demand for steel, RINL took up enhancement of capacity of the plant to 6.3 million tonnes (Mt) from the initial capacity of 3 Mt. This expansion is on the verge of completion. Further, it is planned to increase the capacity to 7.3 Mtpa, the works of this expansion have commenced.

In due course, RINL plans to diversify into flat product segment and the capacity is planned to be expanded from 7.3 Mt to 11/12 Mt and ultimately to 20.0 Mt in phases.

For promotion of steel, RINL enhanced the budget to Rs 15 per tonne of steel and taking up various activities as per details given below: -

- Conducting workshops of Architects, Designers, Builder, Consultants etc. at Major Metros (New Delhi, Kolkata, Chennai, Mumbai Hyderabad, Bangalore, Ahmadabad, Patna, Bhubaneswar, Kanpur/Agra)
- Meet on Rural Marketing to promote "Steel consumption in Rural Areas" was undertaken in association with CII and ASSOCHAM.
- Regular Rural Dealers Meets are being conducted in the Branch Sales Offices.
- Advertisements during important Sports Events, Seminars etc.
- Making a Product Film in local languages and telecast through local Cable Network
- Making a CD consisting of Product Features and Contact Persons
- Advertisements on Buses, Hoardings at Bus Stands, Airports, Railway Stations and vantage points

- Glow Sign Boards at Stock Yards, Retailers, DLDs and RDs locations
- Product Campaign through News papers, Magazines etc.
- Product Campaign in Airlines In-flight Magazines
- Hoardings on RINL's Products in Tier II Cities & Rural Areas
- Projections of video clips on RINL Products in Cinema Halls
- Participation in Exhibitions for displaying RINL's Products
- Printing of Product Brochures for Circulation amongst customers
- RINL along with INSDAG has also taken up steel product promotion campaign for improving steel consumption in the country.

With combined efforts of advertisement, customer satisfaction, new products, rural dealership scheme etc. RINL has been registering growth in sales of steel products in major states over the years.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Recommendation Serial No. 2.

The Committee observe that consumption of steel has not grown relatively in the rural areas which comes out to 9.78 kg. What has further perturbed the Committee is that despite huge potential in rural India where 72% of 1 billion plus population of the country live, the Joint Plant Committee (JPC) has assessed, only around 12 kg per capita consumption by the end of the year 2020. Although, the Government have admitted that it is not the target and is just a statistical project, the Committee are of the view that increasing affluence and impact of urbanization, rural populace can afford even more steel consumption and with various promotional measures, the rural steel consumption can grow beyond the perceived levels. The Committee feel that for enhancing the consumption of steel in rural India, it is necessary to make rural consumers aware of the advantages of steel usage over the traditional materials like wood and plastic in terms of inherent strength, design flexibility, the fire resistance, durability and life cycle cost advantage besides the eco-friendliness of using steel in construction, storage and other household items. The Committee, therefore, recommend that rural campaign of the Ministry/Steel PSUs for promotion of steel should aim to achieve these ends.

Action Taken

Steel Authority of India Limited (SAIL)

After on-going Modernisation & Expansion plan of SAIL, the availability of steel especially for rural consumption viz. TMT Bars, GP/GC sheets, lower dia Wire-rods etc. will improve. As SAIL has already put in place a large Dealers & Rural Dealers net-work and the same is expanding every year. The additional availability for SAIL will ensure more steel being sold in rural and semi-urban areas through this large net work.

SAIL recognizes the potential for increasing consumption of steel in the hinterland and has accordingly taken steps to appoint Rural Dealers at

the Block / Taluka level. Presently there are about 700 Rural Dealers and this is expected to increase to a level of 1000 by the end of the financial year 2013-14. Depending on the increase in availability as well as the success of the Rural Dealership Scheme, more Rural Dealers will be appointed in the subsequent years.

In keeping with the recommendations to increase consumption in the rural areas, these aspects will be highlighted through various advertisements to be released by SAIL for itself as well as for the Ministry of Steel.

Rashtriya Ispat Nigam Limited (RINL)

As brought out in the observations mentioned above, RINL gives thrust for improving steel consumption in rural areas. Workshops to various customer groups including rural artisans like masons, bar benders, welders etc. are held. In these Workshops, participants are made aware of the advantages of steel over other products like wood and plastic in terms of inherent strength, flexibility, weldability, fire resistance, durability, eco-friendliness, lifecycle cost savings etc.

The Marketing Network of RINL for supplying steel to rural areas and the quantity of steel products sold in the rural areas in the last 3 years and the current year are as under:

Year	No. of Dealers/Retailers	Quantity of steel sold ('000t)
2010-11	389	153
2011-12	468	174
2012-13	739	200
2013-14 (H1)	745	100

Product promotion campaigns are carried out in rural areas through advertisements in bus stations, rural buses etc. Rural Dealership Scheme are launched at major metros for giving wide publicity. In order to strengthen Product Promotion, a special group has been constituted with a Deputy General Manager heading the group.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Recommendation Serial No.5.

The Committee also note that Working Group on Steel for 12th Five Year Plan has also recommended that subsidies for purchasing agri-implements/machinery through effective targeting by UID scheme should be implemented. Although, the Ministry of Steel has informed the Committee that there is no proposal for providing subsidy by them for agri-implements/machinery, the Committee feel that the government

should come out with such a proposal to ensure deeper penetration into rural markets where demand remains untapped.

Action Taken

Steel Authority of India Limited (SAIL)

Steel is supplied to SSI Corporations by steel companies including SAIL against allocation by the Ministry of Steel. Such supplies to SSICs are eligible for JPC rebate ranging from Rs.370 to Rs.550 per metric tonne. SSICs are required to meet steel demands of Small Scale Industry.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Recommendation Serial No.7

The Committee are given to understand that fabrication is considered one of the major bottlenecks of enhanced steel usage in rural / semi-urban areas and INSDAG is reported to be trying to improve the scenario by imparting hand-holding support to the prospective rural entrepreneurs to set up their own fabrication units at their chosen locations. The Committee are, however, perturbed to note that the Government and PSUs like SAIL and RINL have failed to take desired steps to increase the demand of steel in rural market by supporting the prospective rural entrepreneurs to set up their own fabrication units. Further, though RINL has reported to have developed earth quake resistant and corrosion resistant rebars for usage in construction and has claimed that these new grades of steel products help in reducing damage during natural calamities like earth quakes, floods, tsunamis etc. in rural, hilly and coastal areas and increases the life of structures constructed, the Committee observe that the company has failed to promote these products in hilly areas which are prone to natural calamities like earthquakes, floods, etc. Unhappy to note that the steel companies and INSDAG have failed to promote these steel products in rural and hilly areas, the Committee strongly recommend that the Government should come up with a plan not only to support the prospective rural entrepreneurs to setup their fabrication units but SAIL and RINL should also setup the same at their chosen locations with focus on value added products.

Action Taken

Steel Authority of India Limited (SAIL)

Rural entrepreneurs can access the SAIL Dealer Network for procurement of TMT and GP/GC. In order to increase volumes, other products like Black Pipes, CR Products etc. are under consideration for sale through Retail channel. Greater efforts would be made to promote

higher quality TMT like earthquake resistance (EQR) in hilly areas and Corrosion Resistant (HCR) in the coastal areas through the Retail channel.

To improve consumption of steel in rural areas and support prospective rural enterprises, SAIL has initiated the following steps-

- a. To improve availability of TMT bars in 8-20mm range (mainly used in construction of smaller houses) by appointment of conversion & wet leasing agents throughout the country as well as being in the process of commissioning a new Bar Mill at ISP.
- b. SAIL has set up a network of District Dealers & Rural Dealers throughout the country, to improve availability of good quality steel in the hinterland.
- c. SAIL is in the process of appointing SPUs & SPU CAs at various locations in order to not only increase availability of TMT Bars but also to start fabrication of crash barriers and manufacturing of roofing/colour coated sheets which find greater uses in Rural/Hilly areas.
- d. SAIL is considering proposals for converting TMT into fixed shapes/lengths/stirrups for ready use by the Construction Industry.
- e. Through the support of SAIL, INSDAG is making efforts to improve steel consumption in rural areas.

Rashtriya Ispat Nigam Limited (RINL)

RINL manufactures rebars in Fe 500, Fe 500 D, Fe 550 in grades like Corrosion Resistant Material (CRM), High Strength Corrosion Resistant Material (HSCRM) and Earth Quake Resistant Material. Product Promotion Campaigns of these products are taken up regularly. Product Brochures are printed and distributed to the customers.

With the help of INSDAG, RINL has been conducting Workshops to the Architects, Builders, Structural Engineers, Designers etc. for promotion of steel consumption. Workshops for rural artisans like Masons, Bar Benders, Welders etc. are also held to promote usage of steel. It is planned to take the help of external agency for imparting training to Rural Artisans in these Trades.

INSDAG

- a. Besides construction of a model Rural House at Bardhaman following innovative technology developed by INSDAG, it has received encouragement from Govt. of West Bengal to construct one "Steel Village" at one ST village at Tapan AC in South Dinajpur. The units to be constructed include 55 steel intensive houses, steel

intensive community toilets, overhead steel reservoir and elevated circular steel reservoirs. Discussion has already been held with the concerned authorities. Necessary data are being collected to prepare the DPR.

- b. Apart from Govt. of Tripura, M/s JSW has come forward to construct one model rural house following the design of INSDAG at a village near Pune. If successful, they are contemplating to go in for mass housing.
- c. The steel-concrete composite design developed by INSDAG has been implemented in some of the hilly areas like the following:-
 - Indoor Stadium at UCC college in Shillong
 - Indoor Stadium at Lady Keane college in Shillong
 - Indoor Stadium at Shillong college
 - Roof of Sokhymphor Church in Meghalaya
 - Roof of Ummulong Church in Meghalaya
 - G+2 storeyed Guest House of Ras Mahotsav at Howly, lower Assam
 - Butterfly Reserve Park at Rangrang, Sikkim
 - Supporting structure of 36' high Sri Janga statue at Namchi, Sikkim
 - Sri Krishna Pranami temple at Singtam, Sikkim
- d. The Entrepreneurship and Skill Development Programme (ESDP) containing 21-days training for the rural entrepreneurs to make them steel fabricators as designed and developed by INSDAG has become very popular in the rural areas of West Bengal, Uttar Pradesh, Odisha and Jharkhand. INSDAG is planning to conduct this training programme in the rural areas of the country to promote fabrication of steel based items (chairs, tables, furniture, racks, window grills, roofs, storage bins, etc.) as required by the rural households.
- e. Based on the experience of prototype model house constructed at Bardhaman, West Bengal, INSDAG has undertaken to popularize the concept through its publication. One publication is being prepared to highlight various steel intensive rural structures like Rural house, Health Centre, School Building and Meeting hall with construction methodology and quantity estimation. The study report on School Building, Panchayat Hall, Health Centre, Bridges & Culverts and units working under Indira Awas Yojana has been prepared by October 31, 2013 and has gone for printing. This document will be sent to most of the panchayat bodies across the country for actual implementation after printing.

Moreover, all major steel producers have also been requested with detailed cost estimates to implement at least some prototype structure within rural areas under their jurisdiction for general public viewing and subsequent adoption later on. Departments of

Panchayat and Rural Development of each state were also approached with similar requests.

INSDAG is also actively involved in implementation of quality and health safety trainings during construction in rural / semi rural areas in association with major steel producers, through training programme on bar bending and steel fixing, training programme in quality in fabrication etc.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Recommendation Serial No.8.

The committee observe that INSDAG has been pursuing various programmes for development of steel usage such as development of steel- concrete composite construction and its propagation, development of efficient and economical structural sections like parallel flange beams and columns, development of high grade reinforcement bars like 500 and 550 grades through TMT route, maximizing use of colour coated roof and wall sheets, development and popularizing of light weight structures using Square Hollow Sections, Rectangle Hollow Section and Circular Hollow Section. As the Ministry of Steel has informed the Committee that all these developments have been taking shape predominantly during last 5 years and due to their various advantages, are being used extensively in difficult terrain like Uttarakhand, the Committee would like to be apprised of the utilization and adoption of the above technologies in different parts of the country.

Action Taken

Steel Authority of India Limited (SAIL)

During last 5 years SAIL has shifted almost entire production of TMT Bars at its Bhilai, Durgapur and ISP, Burnpur Plants to IS 1786 Fe-500, IS 1786 Fe 500D, and superior grades viz. HCR (High Corrosion Resistant) and SAILTMT Fe600. TMT Bars are extensively sold through SAIL's dealer network which is spread over 611 districts of the country and includes 700 rural dealers at Block/Taluka levels.

INSDAG

- (i) Development of Design Guidebook for plain profile sheets:-

This guide book was published in 2005. This deals with use of plain profiled sheets in roof structures and also as side cladding for industrial/commercial buildings. These types of sheets are in use in mass scale now-a-days.

- (ii) Study report on Development of Light Weight load bearing wall by cold formed sections:-

This project has just been completed in September 2013. It will be useful for usage in the rural sector.
[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

RURAL DEALERSHIP

Recommendation Serial No.10.

The Committee observe that the rural retail dealership of SAIL and RINL has increased from NIL and 240 in 2010-11 to 678 and 606 in 2012-13 respectively. As regards the sale of steel materials through retail rural network by SAIL during 2010-11 and 2011-12, the Committee note that it was nil and has increased to the level of 12990 tonnes during the year 2012-13. The steel supply by RINL to rural dealers from 1.53 lakh tonne during 2010-11 and 1.74 lakh tonne during 2011-12 has risen to 2 lakh tonne during 2012-13. From the data furnished by the Government/SAIL, the Committee cannot but deplore the way the SAIL has failed to supply steel materials to rural areas during 2010-11 and 2011-12 and has entered in rural market only after appointment of rural retail dealers during 2012-13. The Committee also observe that the increase in quantity sold by RINL during 2012-13 with 606 dealers at 2 lakh tonne has also not risen sufficiently in proportion to 366 new dealers appointed during 2011-12 and 2012-13. The Committee, therefore, recommend that more and more dealers should be appointed in villages, semi-towns and municipal areas. The future of increased use of domestic steel products rests with the people of rural, semi-towns and municipal areas. Public sector undertakings like SAIL, RINL etc. should take steps to educate the rural people regarding utilisation of domestic steel products. Sometimes, they should hold 'steel melas' in rural areas. Massive advertisements in regional languages should be made in rural areas, so that people become aware of utilisation of steel products. Time has ripen that Nationalized Steel Industry must open their respective publicity department engaging professional experts for publicizing use of steel products in entire India. Public Sector Undertakings(PSUs) must give more time and energy to sell domestic steel products and market development projects in the country.

Action Taken

Steel Authority of India Limited (SAIL)

SAIL presently has 700 Rural Dealers and is planning to add another 300 such Dealers by 31.03.14. Depending on the success of the scheme as well as enhanced availability from ISP Bar Mill and Galvanising line at Bokaro, more Rural Dealers would be taken up for appointment.

During the year 2012-13(when the first Rural Dealers were appointed), SAIL has supplied 12,990 tonnes of steel to Rural Dealers. During the year 2013-14, SAIL plans to supply a minimum of 6% (37,000 tonnes) of the total retail sales through the Rural Dealer Network. So far upto August 2013, 12,300 tonnes of steel materials have already been

supplied. As suggested, more promotional activities like Steel Melas, advertisements in regional languages etc. would be undertaken in the hinterland / rural areas, greater awareness campaigns through Mason Meets, Architect Meets would be organised.

SAIL, a pioneer in steel industry has been engaging professional experts for publicizing use of steel products in entire India. SAIL have some professional advertising agencies on their panel who design the creative advertisements for promotion of SAIL and steel usage. SAIL have also a leading agency for planning of the media and releasing of the advertisements.

Rashtriya Ispat Nigam Limited (RINL)

RINL gives utmost importance for promotion of steel consumption in rural areas. Special efforts like issuing advertisements for appointment of rural dealers in different regions are carried out. RINL also issued advertisement in its website www.vizagsteel.com for appointment of Rural Dealers. Interested entrepreneurs can approach the Branch Sales Office of RINL in the respective area for appointment as Rural Dealers. The procedure for appointment of Rural dealers is also very simple.

At the end of Sept. 2013, the number of Rural Dealers stood at 631. It is planned to increase the number of Dealers to 1000 by the end of the current year.

Considering the availability of much higher volume of steel from expansion units, RINL's expenditure on sales promotion is getting increased in stages. Keeping in view the need and the initiatives required to be taken for product campaigns, Board of RINL enhanced the budget for product promotion to Rs 15 per tonne of steel sales. Steel promotion activities being taken includes:

- Conducting workshops of Architects, Designers, Builder, Consultants etc. at Major Metros (New Delhi, Kolkata, Chennai, Mumbai Hyderabad, Bangalore, Ahmadabad, Patna, Bhubaneswar, Kanpur/Agra)
- Meet on Rural Marketing to promote "Steel consumption in Rural Areas" was undertaken in association with CII and ASSOCHAM.
- Regular Rural Dealers Meets are being conducted in the Branch Sales Offices.
- Advertisements during important Sports Events, Seminars etc.
- Making a Product Film in local languages and telecast through local Cable Network
- Making a CD consisting of Product Features and Contact Persons
- Advertisements on Buses, Hoardings at Bus Stands, Airports, Railway Stations and vantage points
- Glow Sign Boards at Stock Yards, Retailers, DLDs and RDs locations
- Product Campaign through News papers, Magazines etc.
- Product Campaign in Airlines In-flight Magazines

- Hoardings on RINL's Products in Tier II Cities & Rural Areas
- Projections of video clips on RINL Products in Cinema Halls
- Participation in Exhibitions for displaying RINL's Products
- Printing of Product Brochures for Circulation amongst customers
- RINL along with INSDAG has also taken up steel product promotion campaign for improving steel consumption in the country.

With combined efforts of advertisement, customer satisfaction, new products, rural dealership scheme etc. RINL has been registering growth in sales of steel products in major states over the years.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

SECTOR-WISE DEMAND OF STEEL

Recommendation Serial No.11.

From the data furnished by the Ministry of Steel on trends in production for sale, import, export, real consumption of key items of non-alloy steel and overall alloy/stainless steel and finished steel, the Committee observe that among the non-flat category against the production of 3,45,99,000 tonne, the imports and export were 6,24,000 tonne and 4,76,000 tonne respectively. The major products imported in the non flat category were bar and rods. As regards the flat items, the Committee observe that HR coils and HR sheets are equally imported and exported. As per the India Steel Vision 2020, the utilization of steel by infrastructure and construction sector will be 63% i.e. 45 million tonnes of steel, whereas engineering and fabrication is the another major steel consumption sector which will consume 22% of the steel production (16 million tonne). The Committee note that some of the sectors like CRGO Steel required for transformers in power sector are not produced by any domestic steel producer. Further, Bake Hardenable steels, Dual Phase Steel etc. in auto sector, power sector and boiler quality plates for boilers, HR coils/plates for oil and gas sector etc. are also required to be imported. In view of the emerging demand of these products in power, steel, auto, oil and gas sectors, the Committee feel that the steel companies should focus on their production also so as to become self reliant and to save foreign exchange reserves.

Action Taken

Steel Authority of India Limited (SAIL)

The on-going Modernisation & Expansion plan includes investment towards downstream facilities like, Hot Strip Mill, Cold Rolling Mill, Plate Mill, Rail Mill, Section Mill, Bar Mill and Wire Rod Mill etc. These facilities are envisaged with the latest state of the art technologies, energy efficient and environmental friendly processes with the aim to meet the customer requirements.

The incremental production after current phase of modernization & expansion of SAIL shall be consisting of value added products such as:-

- Plates/ Pipes to meet up to API 100 Grade specification.
- Universal Beams/ Heavy Beams in the sizes up to 1100 mm to support increasing Infrastructural requirements.
- Rails for Metro-Railways.
- Increased production of Rails and wheels to meet the increasing requirements of Indian Railways.
- Quantum jump in Rounds and Structural production, a step towards reduction of semi-finished steel.
- Wider Plates upto the size of 4300 mm.
- Cold Rolling Mill to produce Auto grade CR Products, Galvanized Coils/Sheets.

Rashtriya Ispat Nigam Limited (RINL)

India being a developing nation, requirement of steel for infrastructure building is higher. In view of this, the percentage of non-flat steel i.e. longs consumption in India is more compared to that of flat steel products. In the long product segment India is more or less self sufficient. Imports of longs in total imports are in the order of 12%.

Realising the need for manufacturing Import substitution items, RINL plans to manufacture the following products in its expansion.

- **Continuous Cast Rounds**: To produce rounds upto 500 mm dia. first time in India to meet the requirement of tube manufacturers, forgings sector etc.
- **Forged wheels** : To supply wheels to Railways to meet the requirement of High Speed Trains and others. Biggest Plant in India. Installation of this unit will reduce import and also encourage export.
- **Axle Plant** : To supply Axles to Railways to meet the requirement of higher wagon loads. This will be the 2nd Biggest Plant in India. The unit will reduce import and encourage export and also meet the requirement of special forging.
- **Seamless Tubes**: To supply Seamless Tubes upto 18" dia. of higher grades. The unit is going to be the 1st in India. This will meet the growing requirement of power, oil & gas sector.
- **TLT Grade Structurals** : All items at one place. This unit is going to be the 1st of its kind in India.
- **Electrical Sheets in CRGO/CRNO Grades** : For development of CRGO/CRNO sheets indigenously, Ministry of Steel along with RINL, Tata Steel and National Metallurgical Laboratory (NML) are taking up an R&D Project for which approvals of GOI are under process.

- **Flat Products:** RINL plans to diversify into flat products segment in the expansion from 7.3 Mt to 11.5 Mt capacity.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

ALLOCATION OF FUNDS FOR PROMOTION OF STEEL USAGE

Recommendation Serial No.12.

In order to tap the potential of steel usage, promotional activities like mason meets and dealer meets are being held by the steel PSUs to create greater awareness for use of steel in various constructions including individual houses during 2012-13. A total no. of 17 mason meets and 107 dealer meets were conducted by SAIL. The Committee have been informed that Steel PSUs has also adopted a three pronged action plan for improving steel usage by widening marketing, distribution network, development of new products and advertisement campaign to bring awareness amongst largest section of people by conducting workshop of architects, designers builders, advertisement during sports events, seminars, hoardings, product campaign through newspaper, printing of product brochures etc. The Committee note that the actual expenditure on product promotion by SAIL during 2012-13 was Rs. Rs.3.78 crore and the outlays for 2013-14 for promotion of steel by SAIL has been kept at Rs. 4.25 crore. As regards funds earmarked by RINL for product promotion in 2013-14, the Committee observe that these have been decreased to Rs. 2.5 crore against the actual expenditure of Rs. 3.05 crore during 2012-13. The Committee are unhappy to observe that though the installed capacity of SAIL which is 12.84 million tonne is much more than that of RINL which is 2.90 million tonne per year, the expenditure incurred by both the companies during 2012-13 on promotion of steel usage is almost the same. The Committee desire that SAIL should increase the outlays for promotion of steel usage. Taking note of the likely crude steel capacity of SAIL to be increased to 20.75 million tonne and that of RINL to 7 million tonne by 2016-17, the Committee recommend that both the companies should spend more amount on promotion of steel usage and the Committee be apprised of the same.

Action Taken

Steel Authority of India Limited (SAIL)

As suggested by the Committee the following points are being taken note of:-

- Widening of Distribution Network (to be achieved through appointment of more number of Dealers at various locations at the Block and Taluka level throughout the country);
- Inclusion of new products in the Dealer network- Black Pipes, CR products, Stainless Steel items are being considered for addition through Retail channel.

- Advertisement / Awareness campaigns- As suggested, workshops/ seminars, products campaigns through newspapers, printing of product brochures etc. will be taken up for inculcating greater awareness. Efforts will be made to increase promotional activities supported by higher outlays.

It may be mentioned here that SAIL has been promoting steel usage primarily through its Dealership Scheme/Retail, and thus the expenditure of Rs.3.78 crores during 2012-13 as mentioned above is the promotional expenditure incurred by SAIL-CMO, in retail.

However, in addition, SAIL Corporate office has been extensively using various forms of media to get brand exposure and visibility.

Publicity and promotion of the SAIL brand is carried out by SAIL CO through various publicity media, including Paid media like newspapers, magazines, TV, radio, outdoor etc. which are used on a sustained basis to reach the target audience. These include print advertisements, goodwill advertisements, participation in exhibitions, sponsoring events and featuring special stories in media.

Publication and distribution of various printed material as well as taking up of sponsorships of and/or participation in various national / international events and exhibitions, were also done in this direction. Efforts were made to maximise the reach of the communications by using optimum media mix.

The expenditure on corporate branding, publicity and promotion at Corporate office in the last 3 years (viz FYs 2010-11, 11-12 and 12-13) was around Rs.90 crore. The money spent was used to promote brand SAIL and increase visibility of SAIL steel products.

Owned media like SAIL websites and intranet have been used extensively to reach the masses. SAIL website www.sail.co.in has been getting on an average 5 lakh hits every month from all over India and abroad. This will go a long way in increasing steel usage over time. The website has also been redesigned recently with new features and functionalities to make it user-friendly. The website also includes details about steel products as well as the flow of the steel making process. This platform is also being used to highlight advantages of steel vis-a-vis competing products.

Rashtriya Ispat Nigam Limited (RINL)

It is a fact that RINL's expenditure on advertisement was lower earlier, considering Plant's limited capacity, most of the steel sold in Southern Region. But now, considering the fact that the capacity expansion is being taken up in stages and the availability of much higher volume of steel from expansion units, RINL's expenditure on sales

promotion is getting increased in stages. Board of RINL enhanced the budget for product promotion to Rs 15 per tonne of steel sales. As brought out several steel promotion activities are taken up.

- Conducting workshops of Architects, Designers, Builder, Consultants etc. at Major Metros (New Delhi, Kolkata, Chennai, Mumbai Hyderabad, Bangalore, Ahmadabad, Patna, Bhubaneswar, Kanpur/Agra)
- Meet on Rural Marketing to promote "Steel consumption in Rural Areas" was undertaken in association with CII and ASSOCHAM.
- Regular Rural Dealers Meets are being conducted in the Branch Sales Offices.
- Advertisements during important Sports Events, Seminars etc.
- Making a Product Film in local languages and telecast through local Cable Network
- Making a CD consisting of Product Features and Contact Persons
- Advertisements on Buses, Hoardings at Bus Stands, Airports, Railway Stations and vantage points
- Glow Sign Boards at Stock Yards, Retailers, DLDs and RDs locations
- Product Campaign through News papers, Magazines etc.
- Product Campaign in Airlines In-flight Magazines
- Hoardings on RINL's Products in Tier II Cities & Rural Areas
- Projections of video clips on RINL Products in Cinema Halls
- Participation in Exhibitions for displaying RINL's Products
- Printing of Product Brochures for Circulation amongst customers
- RINL along with INSDAG has also taken up steel product promotion campaign for improving steel consumption in the country.

With combined efforts of advertisement, customer satisfaction, new products, rural dealership scheme etc. RINL has been registering growth in sales of steel products in major states over the years.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

CHAPTER – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

-NIL-

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation Serial No.4

The Committee note that the Working Group on Steel for the 12th Five Year Plan Period has stressed on the need for projects like Bharat Nirman, Pradhan Mantri Gram Sadak Yojana and Rajiv Gandhi Awas Yojana to increase the per capita steel consumption. The Committee have been given to understand that INSDAG had developed comprehensive design and construction manual for small span bridges & culverts for National Rural Roads Development Agency (NRRDA) under Ministry of Rural Development and Ministry of Road Transport and Highways (MORTH) for implementation of the same in rural areas. These steel based designs of rural bridges & culverts are presently being implemented in various parts of the country. While observing that INSDAG is constructing two prototype buildings in Tripura for exposure to rural masses and one such building has been constructed at a remote village in West Bengal, the Committee recommend that this concept be followed in more and more States to create greater awareness for use of steel to help the rural people. The Committee also desire that Border Road Organisation and National Highways Authority of India should also be pursued by Ministry of Steel to develop comprehensive design and construction manual for their use as developed by INSDAG for NRRDA.

Action Taken

INSDAG

INSDAG has developed Design Manual similar to the one prepared for National Rural Road Development Agency (NRRDA) for 4 different spans (25m, 30m, 35m and 40m) with or without footpath and submitted the same to Ministry of Road Transport and Highways. This is pending with M/o RTH more than a year and it is understood that M/o RTH is looking for proof checking of the design submitted by INSDAG who is regularly following up with M/o RTH for finalization of the manual.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Comments of the Committee

(Please see para 10 of Chapter I of the Report)

Recommendation Serial No.6.

As regards the thrust given to design product developments and capacity building in fabrication of steel articles needed by the rural economy for houses for villages, community halls, culverts and bridges etc., the Committee observe that RINL has planned to set up Steel Processing Units to manufacture 'Made to Order' steel products on various locations in the country. The shapes and sizes required by the customers

from rural areas are planned to be manufactured from these Special Processing Units. The Committee note that SAIL has taken up comprehensive development of 79 model Steel villages spanning over 8 States and development work undertaken in these villages is likely to result in generation of steel demand. Further, as per designs developed by INSDAG, RINL has built a steel village with some houses, school building and community centre in the vicinity of the Vishakhapatnam Steel Plant. While appreciating RINL plan to set up Steel Processing Units at various locations in the country, the Committee desire that Government should come out with a plan where all steel producing units, be in public or private sectors, are directed to set up such 'Made to Order' Special Processing Units at various locations in the country to boost the per capita steel consumption in rural areas.

Action Taken

Steel Authority of India Limited (SAIL)

SAIL is in process of setting up service centre at some locations in the country. Marketing circular has already in place for setting up Long product service centre at Mumbai and Ghaziabad. BSO, Jaipur is in process for publication of tender document for setting up service centre at Bhiwadi for processing of Flat product.

SAIL has also prepared study report for setting up service centre for Flat product and currently under process for making feasibility report for setting up own service centre for Flat product at Chennai and Pune warehouses

In order to increase the consumption of steel in rural areas, SAIL launched a new "Rural Dealership Scheme" during August 2011 in addition to its existing Dealership Scheme. Under this scheme, rural dealers have been appointed at Talukas / Blocks / Panchayat levels. As on 1st Sept, 2013, 700 rural dealers were appointed in addition to 2216 SAIL Dealers. Products primarily covered under this scheme are TMT Bars, Light Structurals, GP and GC Sheets. The logistics part of delivering the materials at the dealers' premises is undertaken by SAIL free of cost to the dealers.

Rashtriya Ispat Nigam Limited (RINL)

RINL has initiated action for taking Steel Processing Units (SPUs) for conversion of semis produced in the Plant into economy grade rebars and structurals suiting to the construction requirements. Till now, RINL finalised two SPUs, one each at Ambedkar Nagar and Gonda in UP. These two SPUs shall come in to production within two years and have a capacity of 72000 tonnes per annum each, with all latest quality parameters.

In addition to these, two more SPUs are in Tendering stage, one at Bhilwara and another at Patna. These 4 SPUs will have a capacity for producing about 2.8 lakh tonnes of Rebars and Structurals per annum.

RINL plans to set up Service Centres at major Metros in the country to facilitate manufacturing of steel products of different shapes and sizes as per the customers' requirements. This concept helps in minimizing wastage of steel at the customers' premises. The customers can order the products in different shapes and sizes suiting to their construction requirements.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Comments of the Committee

(Please see para 13 of Chapter I of the Report)

MARKET DEVELOPMENT PROJECTS

Recommendation Serial No.9.

The Committee note that in 1997, the Government had decided that an amount of Rs. 5 crore per annum be spent on projects intended to develop the market for steel. These market development projects were meant for popularizing steel houses in the country through innovative applications/use of steel in different areas. The Committee are, however, dismayed to note that only four projects with total grants amounting to Rs. 38.12 lakh were taken up for these marketing development projects in the last 5 years. The projects included skill-cum-entrepreneurs development programme in Uttar Pradesh and West Bengal, design manual for steel structurals and hand book on architectural and construction in steel. The Committee, therefore, cannot but deplore the inaction on the part of the Government and Institute for Steel Development and Growth (INSDAG) for their utter failure to implement the project in right spirit which was set up more than a decade ago for promotion of steel use in Indian construction and infrastructural sectors. The Committee feel that INSDAG has failed to achieve its objectives of promotion of steel use by not providing requisite thrust to increase steel consumption particularly in rural areas as it was unable to come up with market development projects. What has further pained the Committee is that despite the existence of various agencies like JPC, INSDAG, Evaluation Committee for monitoring and implementation of MDP, Steel PSUs and private companies, no concrete steps were made to increase consumption of steel. The Committee, therefore, strongly recommend that necessary steps be taken by the Government to ensure that more and more market development projects are taken up and the grants of Rs. 5 crore per year be fully and gainfully utilized for resultant increase in per capita consumption of steel.

Action Taken

Joint Plant Committee (JPC) and INSDAG

Joint Plant Committee (JPC) has been organising the Evaluation Committee Meeting for screening project proposals under Market Development Projects (MDP). To ensure appropriate coverage and submission of projects, the following institutions were approached to submit proposals under MDP.

- Steel Authority of India Ltd (SAIL)
- Tata Steel Ltd (TSL)
- Rashtriya Ispat Nigam Ltd (RINL)
- Essar Steel Ltd
- JSW Steel Ltd
- Jindal Steel and Power Ltd (JSPL)
- MECON Ltd
- SAIL-RDCIS
- The Indian Institute of Metals (IIM)
- National Institute of Secondary Steel Technology (NISST)
- Economic Research Unit / Joint Plant Committee

However, it is only SAIL, JPC, NISST and INSDAG who have submitted project proposals for consideration under MDP so far.

- The specific activities undertaken by INSDAG for promotion of steel usage in construction and infrastructure sectors have been elaborated under point no. 4 and point nos. 7 and 8.
- INSDAG has undertaken Entrepreneurship and Skill Development Programme (ESDP) training programme for rural entrepreneurs to make them steel fabricators under MDP scheme and has already conducted programmes each spanning over 21-days at Kolkata, Kanpur, Bhubaneswar and Bokaro and is shortly going to conduct training programme at Patna, Agartala and other places.
- The list of projects submitted to MDP during 2013-14 :

Name of the Project	Value of the Project
Development of E-Course / Training Module on Structural Steel Design for Civil Engineering Students	Rs.69.00 lakhs
Project to Increase Steel Consumption in rural Sector	Rs.56.80 lakhs
Entrepreneurship and Skill Development Programme at Tripura	Rs.26.82 lakhs

- The steel-concrete composite methodology adopted by INSDAG has become extremely popular in construction sector. This design of INSDAG was implemented in the following structures:-
 - Handloom House Complex at Janpath New Delhi during 2012
 - Indira Paryavaran Bhawan at Jorbagh New Delhi during 2012
 - Office Complex at Metro Vally Project at Special Economic Zone (SEZ) Delhi, Sardar Vallabhbhai National Institute of Technology (SVNIT), Surat

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Comments of the Committee

(Please see para 16 of Chapter I of the Report)

CHAPTER – V
OBSERVATIONS/RECOMMENDATION IN RESPECT OF WHICH
FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Working Group on Steel for 12th Five Year Plan

Recommendation Serial No.3.

The Committee note that the Working Group on Steel for 12th Five Year Plan had indicated that in order to achieve double digit growth rate of domestic steel consumption investments of 1 billion dollar in infrastructure and setting up of the national manufacturing and investment zones are required as integral part to accelerate the pace of implementation of infrastructure projects in the country. The Committee have been apprised that steps are being taken by the Government/Steel Companies to improve the cement to steel ratio in construction, deeper penetration into rural markets, diversification strategies etc. as pointed out by the Working Group. Further, Institute for Steel Development and Growth (INSDAG) has been continuously propagating various ways and means to improve steel to cement ratio in construction, preparation and dissemination of various reports / guidebooks / manuals / Codes & Standards, continuous education to professionals, faculties and students through various classrooms trainings / seminars / competitions, representation to various implementing authorities for steel / steel-concrete composite construction, etc. The Committee have been informed that one prominent example in this regard is extensive and exclusive use of structural steel in airport modernization across the country. Taking note of the huge investments required in manufacturing and infrastructure projects, the Committee would like to be apprised of the investments made by Steel PSUs for undertaking modernisation programme and product diversification strategy so far with focus on value added products.

Action Taken

Steel Authority of India Limited (SAIL)

Steel Authority of India Ltd. (SAIL) has undertaken Modernisation & Expansion plan at its integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur & ISP and special steel plant at Salem. SAIL envisages increase in its crude steel production capacity from 12.8 Mtpa to 21.4 Mtpa in the current phase.

Besides capacity enhancement, the growth plan adequately addresses enriching product mix with introducing customer centric processes. The product mix envisaged plant –wise are given below;

Facility	Product mix
Universal Section Mill at ISP	<ul style="list-style-type: none">• Beams with Parallel Flange (IPE-I Beam Equal Parallel Flange)• H-beams (HE-H Section Equal Flange)• Channels

	<ul style="list-style-type: none"> • Equal Angles • Special Sections • (Sheet Piles, Z-Sections etc.)
Wire rod mill at ISP	For producing various grades for different applications
Bar mill at ISP	For producing various grades for different applications
Universal Rail Mill at BSP	State-of-the-art Mill along with rail welding facility for catering to demand of Indian Railways and producing up to 260m long rails
Bar & Rod Mill at BSP	For producing various grades and quality of bars and wire rods for different applications
New CRM complex at BSL	State-of-the-art facility to produce a wide range of CR/ galvanised products for catering to different customers/ segments (auto body industry, white goods industry, appliance industry, etc)
New Plate Mill at RSP	For producing wider plates (4.3 m)
New Medium Structural Mill at DSP	Modern facility for producing universal beams and other structural for different applications

Rashtriya Ispat Nigam Limited (RINL)

As per the Detailed Project Report of 3.0 Mtpa, the plant was designed to manufacture mild steel products. However, over a period of time, expertise has been developed to manufacture value added steel products. Currently, about 80% of the steel products produced and marketed are value added steel products. For meeting construction sector requirements rebars in various grades like Fe 500, Fe 550, Fe 500 D, CRM, HSCRM etc. have been developed. These products help in reducing the cost per unit of construction.

RINL prepared its long term directional plan for enhancing its capacity in line with the increasing demand for steel in the country. RINL is on the verge of completing its expansion from 3.0 Mtpa to 6.3 Mtpa at a cost of about Rs 12,300 cr. In this expansion, secondary refining facilities like Ladle Furnace, RH Degasser, Electro Magnetic Stirrer (EMS) are set up to facilitate manufacturing value added steel products suiting to the requirement of automobile and manufacturing sectors. The production capacities of much needed TMT Bars and Structurals required for Infrastructure Sector are going to be enhanced substantially in this expansion. Further, jobs related to the next phase of expansion to 7.3 Mtpa through up-gradation and modernization and addition of new facilities have also started. RINL is investing about Rs 4000 cr. for modernization and up-gradation. Besides this, about Rs 5,000 cr. worth projects are undertaken / being undertaken for value addition viz. Seamless Tube Mill, Wheel Plant, Axle Plant etc. RINL commenced plans to diversify into flat product segment and the capacity is going to be increased to 11/12 Mtpa at an estimated cost of Rs 22,000 cr. Ultimately the capacity is going to be enhanced to 20 Mtpa, making RINL the largest capacity single location Integrated Steel Plant in the country.

The capital expenditure is not only going to enhance production capacity but also help in widening the product range through production of high end value added steel products, enhancing generation capacity of electricity, productivity enhancement, etc.

[Ministry of Steel O.M. No.11014(3)/2013 dated 13th November, 2013]

Comments of the Committee

(Please see para 7 of Chapter I of the Report)

NEW DELHI;
— **December, 2013**
— **Agrahayana, 1935 (Saka)**

KALYAN BANERJEE
Chairman
Standing Committee on Coal and Steel

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND
STEEL HELD ON 10 DECEMBER, 2013 IN COMMITTEE ROOM 'E',
PARLIAMENT HOUSE ANNEXE, NEW DELHI.**

PRESENT

LOK SABHA

- RAJYA SABHA**

- SECRETARIAT**

1. 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 Action Taken Reports:-
 - (i) ** ** *
 - (ii) Draft Action Taken Report on “Promotion of Steel usage” relating to the Ministry of Steel

(iii)	**	**	**	**
(iv)	**	**	**	**
(v)	**	**	**	**
(vi)	**	**	**	**

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.

ANNEXURE-II
(Vide Para IV of Introduction)

**ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THE THIRTY-NINTH REPORT
OF THE STANDING COMMITTEE ON COAL AND STEEL**

I.	Total No. of Recommendations made	12
II.	Recommendations that have been accepted by the Government (<i>vide</i> recommendation at Sl. Nos. 1, 2, 5, 7, 8, 10, 11 and 12)	08
	Percentage of total	67%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies(<i>vide</i> Recommendation at Sl. No. Nil)	00
	Percentage of total	0%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (<i>vide</i> recommendation at Sl. Nos.4,6 and 9)	03
	Percentage of total	25%
V.	Recommendations in respect of which final replies of the Government are still awaited (<i>vide</i> recommendation at Sl. No.3)	01
	Percentage of total	8%