

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:1961

ANSWERED ON:19.08.2013

COAL REQUIREMENT

Jakhar Shri Badri Ram ;Majhi Shri Pradeep Kumar;Patel Shri Kishanbhai Vestabhai;Saroj Shri Tufani

**Will the Minister of STEEL be pleased to state:**

- (a) whether the public sector steel companies including the Steel Authority of India Limited (SAIL) and the Rashtriya Ispat Nigam Limited (RINL) have been importing coal for their requirements;
- (b) if so, the reasons therefor along with the details of the quantum of coal procured domestically as well as imported by the public sector steel companies and expenditure incurred along with their respective rates on the same during each of the last three years and the current year, country-wise and plant-wise;
- (c) the details of the existing policy/procedure for chartering of ships by public sector steel companies including the SAIL and the RINL for their imports;
- (d) whether the Government proposes to permit SAIL and RINL to undertake direct chartering of ships for their imports and if so, the details thereof and the reasons for extending exemption to these two public sector undertakings; and
- (e) the extent to which both these companies are likely to be benefited by such exemptions along with the efforts made by the Government to ensure the availability of coal to the steel sector in future?

**Answer**

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a) Yes, Madam.

(b) The availability of coking coal from indigenous sources is not adequate to meet the requirement of Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL). The low ash coking coal required for coke production is not available indigenously. SAIL and RINL have to import coal in order to bridge the gap between total requirement of coking coal and indigenous availability, to meet the requirement of superior quality of coking coal and to make up deficit in supplies of Boiler Coal.

The expenditure incurred along with their respective rates during the last three years and the current year, country-wise and plant-wise on consumption of domestic and imported coal is annexed as Annexure-I.

(c) As per the existing policy of the Government, all import contracts are to be finalized on Free on Board (FOB) basis in respect of Government owned/ controlled cargoes including Public Sector Undertakings under them. The shipping arrangements are centralized in TRANSCART (Chartering Wing of Ministry of Shipping), the Chartering Wing of the Department of Shipping as per the policy/procedure adopted by them. Enquiries are forwarded to TRANSCART by SAIL and RINL for finalizing shipping arrangement on the basis of the requirement of cargo/shipment. The enquiry is then processed by TRANSCART and after establishing/discovering the rate, detailed offer is sent to the companies for acceptance and the shipping arrangement is concluded on the basis of the decisions conveyed by the companies. The procedure also covers forwarding of the ship details to the supplier for their confirmation on suitability of the ships at the load port. In case of any departure there from, prior permission is required to be obtained from the Chartering wing of the Ministry of Shipping (TRANSCART) on a case to case basis.

(d) Yes, Madam. The Government has approved a proposal allowing SAIL and RINL to undertake direct chartering of ships without going through TRANSCART on 16.05.2013. The arrangement is expected to give benefits of flexibilities flowing through direct chartering operations and to bring in comprehensive logistics solution along with financial benefits.

(e) The dispensation for chartering vessels directly without routing through TRANSCART would facilitate a level playing field to SAIL and RINL at par with their private counterparts and thereby derive benefits through tailor made solutions for cargo operations through full fledged and intense competition of a dynamic global shipping market.