

**ESTIMATES COMMITTEE  
(1975-76)**

**(FIFTH LOK SABHA)**

**NINETY-SIXTH REPORT**

**MINISTRY OF STEEL AND MINES**

**(Department of Steel)**

**Action taken by Government on the recommendations contained in the Seventy-eighth Report of the Estimates Committee (Fifth Lok Sabha) on the Ministry of Steel and Mines—(Department of Steel)—Planning, development, production, distribution etc. of Iron and Steel and Ferro-Alloys.**



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NEW DELHI**

*April, 1976/Chaitra, 1898 (S)*

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CORRIGENDA TO THE 96TH REPORT OF THE  
ESTIMATES COMMITTEE ON PLANNING, DEVELOPMENT,  
PRODUCTION, DISTRIBUTION ETC. OF IRON AND  
STEEL AND FERRO-ALLOYS.

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1. Page 4, line 5, insert 'reply'  
after 'vide'
2. Page 9, line 9 for 'Corporations'  
read 'Corporations'
3. Page 22, last line for 'Com'  
read 'Committee'

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# ESTIMATES COMMITTEE

(1975-76)

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\*Elected w.e.f. 17-1-76 vice Shri Mohammed Khuda Bukhsh died.

26. Shri Shiv Kumar Shastri
27. Shri Sant Bux Singh
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- 30 Shri K. Veeriah

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**Shri G. D. Sharma—Chief Financial Committee Officer.**

**Shri J. P. Goel—Senior Financial Committee Officer.**

COMPOSITION OF STUDY GROUP 'F'  
(1975-76)

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6. Shri Tulsidas Dasappa
7. Shri Anant Prasad Dhusia
8. Shri Laxman Kakadya Dumada
9. Shri M. Kathamuthu
10. Shri Maharaj Singh
11. Shri Yamuna Prasad Mandal
12. Shri Aravinda Bala Pajanor
13. Shri Dhan Shah Pradhan
14. Shri Shiv Kumar Shastri

## INTRODUCTION

I, the Chairman of the Estimates Committee having been authorised by the Committee, present this Ninety-Sixth Report of the Estimates Committee on Action Taken by Government on the recommendations contained in the 78th Report of the Estimates Committee (Fifth Lok Sabha) on the Ministry of Steel and Mines (Department of Steel)—Planning, Development, Production, Distribution etc., of Iron and Steel and Ferroy-Alloys.

2. The 78th Report was presented to Lok Sabha on the 30th April, 1975. Government furnished the replies indicating the action taken on the recommendations contained in this Report on the 30th October, 1975. The replies were examined by the Study Group 'F' of the Estimates Committee at their sitting held on the 23rd January, 1976. The Draft Report was adopted by the Committee on the 6th April, 1976.

3. The Report has been divided into the following Chapters:—

I. Report.

II. Recommendations that have been accepted by Government.

III. Recommendations which the Committee do not desire to pursue in view of Government's replies.

IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.

V. Recommendations in respect of which final replies of Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the 78th Report of the Estimates Committee (Fifth Lok Sabha) is given in Appendix III to this Report. It would be observed therefrom that out of 28 recommendations made in the Report, 25 recommendations *i.e.*, about 89.5 per cent have been accepted by Government. Reply of Government to one of the recommendations *i.e.* 3.5 per cent has not been accepted by the Committee and final replies of Government in respect of two recommendations *i.e.* 7 per cent are still awaited.

R. K. SINHA,  
*Chairman,*  
*Estimates Committee.*

NEW DELHI;  
April 20, 1976

Chaitra 31, 1898 (Saka)



## **CHAPTER-I**

### **REPORT**

#### **BOKARO STEEL PLANT**

##### **Recommendation at Sl. No. 13, Paragraph Nos. 3.27—3.30**

1. In paragraph 3.27—3.30 of their 78th Report presented to Lok Sabha in April, 1975, the Committee had noted that there had been considerable delays in the construction schedules of the Bokaro Steel Plant. The first stage of 1.7 m.t. which was first expected to be completed by the middle of 1973, was now expected to be completed by December, 1975 (excluding the cold rolling mill which was to come by December, 1976) and the 4 m.t. stage (excluding the 5 stand cold rolling mill complex) was to be completed by December, 1977. The Committee had also noted that simultaneously with 1.7 m.t. stage a major portion of the 4 m.t. stage would also be completed. While the Committee had endorsed the efforts made at indigenisation of the plant, they had expressed the hope that with the experience gained in the erection of this plant, it would be possible to make future steel plants fully 'Swadeshi' and to avoid delays which had occurred in this case. They had strongly urged Government to take effective and concerted steps to ensure that the revised schedules for the completion of Bokaro Steel Plant were strictly adhered to and that no further slippages were allowed to occur in those schedules.

2. In their reply furnished in October, 1975, Government stated that all efforts, were being made to adhere to the revised schedules for the completion of Bokaro Steel Plant. This would, however, depend on the availability of the infrastructure inputs like power, coal and railway transport. The Committee were informed that *inter se* adjustments in the commissioning schedule, not of any basic nature, might have to be made on these considerations.

3. Asked to state the position in regard to the completion of the first stage of the production in Bokaro Steel Plant which was scheduled to be completed by 1975, Government in their reply furnished in January, 1976 have stated that the production of finished steel in Bokaro Steel Plant had commenced with the successful completion of the trial run of the hot strip mill on the 10th December, 1975. Out of 1.7 m. t. units, two coke oven batteries, two blast furnaces, two steel converters and the cold rolling mills are the major units still to be commissioned. One coke oven battery and one blast furnace are stated to have been completed by middle of 1975 but could not be commissioned owing to shortfalls in supply of coking

coal. The commissioning of converters is linked with the commissioning of blast furnaces. It has been stated that notwithstanding the unavoidable delay in commissioning of coke ovens and blast furnaces, the completion of trial run of the hot strip mill was proceeded with to produce finished steel from Bokaro, even though at a reduced level of output in December, 1975 as provided in the approved co-ordinated construction schedules.

4. The Committee note that it has not been possible to achieve the full production target of 1.7 m.t. of steel at Bokaro by December, 1975 as envisaged in the revised schedule. The Committee observe that out of 1.7 m.t units, two coke oven batteries, two blast furnaces, two steel converters and the cold rolling mills are the major units still to be commissioned. The Committee consider that in view of the set-back in the commissioning of all the units for the production of 1.7 m. tonnes by December, 1975, it would require greater efforts to achieve the revised target of production of 4 m.t. of steel at Bokaro by December, 1977. The Committee have no doubt that with the reputation that SAIL has gained in stepping up the production of steel in the country, it would not be difficult for them to make up the leeway and complete and commission all the units for the production of 4 million tonnes of steel by December, 1977 at Bokaro.

5. The Committee are distressed to note that although one coke oven battery and one blast furnace were completed by middle of 1975, these could not be commissioned owing to shortfalls in supply of coking coal. In this connection, the Committee would like to invite attention of Government to the recommendation made in Paragraph Nos. 2.85 and 2.86 of their 78th Report wherein they had stressed that assured and uninterrupted supply of coal to the steel plants was a basic necessity for steel production and it was essential that linkages for supply of coal to steel plants should be definite, firm and effective in the interest of smooth and efficient functioning of steel plants. The Committee would, therefore, reiterate that concerted measures should be taken in implementation of the said recommendation of the Committee, to obviate further slippages in this behalf.

#### SMALL SCALE INDUSTRIES

#### **Recommendation Sl. No 25. Paragraph Nos. 4.25 and 4.26**

6. In paragraph 4.53 of their Twentieth Report presented to Lok Sabha in April, 1972, the Committee had noted that the stockyard remuneration per tonne on various items of steel sold through stockyards had been deliberately kept high so as to compensate the steel plants for the rising costs

which they had been experiencing. The Committee had, however, urged that if the intention was to compensate the steel plants for the increase in costs, it should not be so done as to pass on the entire burden to the small scale industries whose requirements were largely met from the stockyards. The Committee had, therefore, recommended that Government should review carefully the margin of remuneration allowed for sales from stockyards so as to reduce it to the minimum in respect of categories of steel which were used mostly by the small scale industries.

7. In paragraph No. 4.96 (of the 20th Report, 1971-72) also the Committee had expressed the view that the small scale sector should not be placed at a disadvantageous position as compared to the organised sector and had recommended that Government should critically examine the remuneration and overhead charges of the stockyards which were being recovered on defective and scrap materials sold to small scale industries so as to reduce the burden on the Small Scale Sector.

8. Noting the views of the Committee, Government pointed out in their reply furnished in October, 1972 that the stockyards catered to small needs not only of the small scale units but also of large scale units. Further, consequent on the acceptance of the recommendations of the Balachandran Committee, supplies to small scale industries were being mostly channelised through small scale industries corporations. The Committee were also informed that a proposal was under consideration to supply materials to these Corporations at a concessional price, so that after adding their margin, the price to the units taking material from them would roughly be the same as that at which the units obtaining material directly from the Steel Plants, got them.

9. The Committee had reiterated the earlier recommendation in paragraphs 4.25 and 4.26 of their Seventy-Eighth Report (1974-75). The Committee had regretted that although Government in April, 1973 accepted in principle that the prices of steel charged from the Small Scale Industry Units who were getting their supplies through the Small Scale Industries Corporations should be the same as those being charged from other indentors who were getting their supplies from the Steel Plants direct, and the Report of a Departmental Study Group which examined this matter in detail had also been received in January, 1974, no final decision had been taken in the matter.

10. The Committee had emphasised that the small units should not be placed at a disadvantageous position in regard to prices as compared to the large units as the former are mainly run by men of small means. The Committee had, therefore, stressed that Government should take immediate steps to ensure that steel materials were made available to the Small

Scale Industries Corporations at a concessional price so that after adding their margin, the prices to the Small Scale units purchasing material from them were roughly the same as were paid by the units which obtain material directly from the steel plants.

11. The Committee have again been informed *vide* received from the Ministry of Steel and Mines on 30th October, 1975 that "this matter is under active consideration of Government at present."

12. The Committee are unhappy to observe that the matter of making available steel materials to small scale units through Small Scale Industries corporation at roughly the same price as is paid by the units who are obtaining them from the steel plants direct is still under consideration of Government even though Government accepted in principle the recommendation of the Committee as long back as April, 1973. As the Committee had been pursuing this recommendation since April, 1972 when their Twentieth Report (1971-72) was presented, it was expected that Government would accord necessary importance to this matter and take an early decision. Already about three years have elapsed since Government accepted the recommendation in principle, still the decision has not been taken. The Committee, therefore, urge Government to take a final decision in this matter without further delay.

#### Implementation of recommendations

13. The Committee would like to emphasise that they attach the greatest importance to the implementation of the recommendations accepted by Government. They would, therefore, urge that Government should keep a close watch so as to ensure expeditious implementation of the recommendations accepted by them. In cases where it is not possible to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee in time with reasons for non-implementation.

14. The Committee also desire that further information where called for in respect of recommendations included in Chapters II and V of the Report may be intimated to them expeditiously.

## **CHAPTER II**

### **RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT**

#### **Recommendation (Serial No. 1—Para Nos. 2.77 and 2.78)**

The Committee in paragraph 2.59 of their original Report had pointed out that production of steel had been around 65 to 70 per cent of the installed capacity and that in none of the plan periods from 1955-56 onwards, the production targets had been achieved. The Committee regret to note that shortfall in production of steel, as compared to the rated capacity and the targets fixed, has persisted during the 4th Plan period also. Against the rated capacity of 9.9 million tonnes of ingot steel of the major steel plants and the targets of 7.32 m. tonnes, 7.2 m. tonnes and 7.09 m. tonnes fixed for the years 1971-72, 1972-73 and 1973-74, the actual production has been 5.8 m. tonnes, 6.12 m. tonnes and 5.7 m. tonnes respectively, during the last three years of the 4th Plan. Similarly, against the rated capacity of 6.72 m. tonnes of saleable steel and the targets of 5.61 m. tonnes, 5.47 m. tonnes and 5.44 m. tonnes for the years 1971-72, 1972-73, and 1973-74, the actual production of saleable steel has been of the order of 4.5 m. tonnes, 4.8 m. tonnes and 4.35 m. tonnes respectively. Thus, apart from the rated capacity, the shortfall in actual production of ingot steel and saleable steel during the last three years of the 4th Plan period, as compared to the targets fixed which are substantially lower than rated capacity, work out to 20.6 per cent 15.3 per cent and 18.6 per cent for ingot steel and 20.2 per cent, 12.4 per cent and 20.4 per cent for saleable steel respectively which is regrettable.

The Committee are however glad to note that production of steel, both ingot steel and saleable steel, has shown encouraging trends during the year 1974-75. Against a target of 6.57 m. tonnes of ingot steel and 5 m. tonnes of saleable steel, the actual production during the year 1974-75 was 6.26 m. tonnes of ingot steel and 4.9 m. tonnes of saleable steel respectively, thereby achieving a fulfilment of 95.3 per cent of the target in the case of ingot steel and 96.9 per cent of the target in the case of saleable steel. The net increase in production of ingot and saleable steel during 1974-75 compared to 1973-74 amounted to about 5 lakh tonnes in each case.

#### **Reply of Government**

Noted.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975.]

**Recommendation (Serial No. 1—Para No. 2.79)**

The Committee appreciate the assurance given by the SAIL that production of steel during 1975-76 will substantially increase, compared to 1974-75, which will enable the country to export a million tonnes of pig iron and steel products, thereby earning over Rs. 100 crores in foreign exchange. The Committee have no doubt that the trend in increased production of steel, established in 1974-75, would be for further accelerated by SAIL and no impediments would be allowed to come in the way of increased production of Steel in the country in coming years.

**Reply of Government**

Noted. The following table indicates the production ingot steel and saleable steel during the period, April—September, 1975, from the integrated steel plants and the production during the corresponding period in the preceding year:—

(in 000' tonnes)

Plant	Production April— Sept. 75		Production April— September 1974.	
	Ingot Steel	Saleable Steel	Ingot Steel	Saleable Steel
1. Bhilai Steel Plant	1013	867	894	783
2. Durgapur Steel Plant	446	323	381	260
3. Rourkela Steel Plant	558	441	478	382
4. Bokaro Steel Plant	141	74	62	..
5. TISCO	812	696	800	664
6. IISCO	293	242	239	1780
<b>TOTAL</b>	<b>3263</b>	<b>2643</b>	<b>2854</b>	<b>2269</b>

It will be noticed from the above that the production during the period, April—September, 1975, from the integrated steel plants exceeded the production in the corresponding period last year by 4,12,000 in terms of ingot steel and 3,74,000 tonnes in terms of saleable steel.

Please also see Government reply to Recommendation No. 2, Para 2.80.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated 30th October, 1975.]

### **Recommendation (Serial No. 2—Para No. 2.80)**

The Committee note that the targets of production of steel have been fixed much below the rated capacity on account of a number of factors such as possible build up of production possibilities with reference to past production, availability of infrastructure inputs, viz., powers, rail or transport etc., and the likely market demand. They further note that a programme has already been prepared to achieve 90 per cent of the rated capacity in five main steel plants in a phased manner, by the end of the 5th Plan. While the Committee appreciate the constraints which are taken into account by Government in fixing the targets of production, they feel that there is still a large gap between the rated capacity of these plants and actual production. The Committee cannot over emphasise the imperative need to optimise the production from these steel plants on which heavy investments have been made, not only to meet the internal demand but also to effect sizeable exports to earn the much needed foreign exchange. The Committee would therefore like Government to fix and achieve higher targets of production in the steel plants by formulating a detailed programme and taking well-directed and determined measures for this purpose. The Committee have no doubt that with the setting up of SAIL and its dynamic leadership, it should be possible to remove all bottlenecks in stepping up the production of steel in the major steel plants at the earliest possible time and to achieve the maximum production from these plants, well before the end of the 5th Plan.

### **Reply of Government**

The authorities of Steel Authority of India Limited are fully conscious of the urgent need of stepping up production of steel from the integrated steel plants and to raise capacity utilization to the optimum level as early as possible. Concerted efforts are being made in this direction and to remove all bottlenecks/constraints coming in the way of higher production in co-operation with all the agencies concerned. The target of production of saleable steel from the integrated steel plants in 1974-75 was 5.044 million tonnes and the actual production was 4.9 million tonnes, representing 97.1 per cent achievement of the target. The production target for these plants for 1975-76 has been placed at 5.7 million tonnes (including 2,50,000 tonnes from Bokaro Steel Plant). This would mean additional availability of saleable steel by nearly 0.8 million tonnes and of growth of 16.3 per cent over the production in 1974-75. As stated under para 2.79, the production of saleable steel during the period, April—September, 1975, was 2.643 million tonnes which represents 99.6 per cent of the target. It

is expected that it would possible to fix and achieve progressively higher targets of production in the remaining period of the Fifth Five Year Plan.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975.]

### **Recommendation (Serial No. 3—Para No. 2.81)**

The Committee further desire that the rated capacity, targets fixed and production achieved in each of the major plants should be mentioned in the Annual Report of the Steel Plants as also the Ministry to enable Parliament and the public to judge the working of these steel Plants with reference to their achievements.

### **Reply of Government**

Noted.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975.]

### **Recommendation (Serial No. 4—Para No. 2.82)**

The Committee note that one of the main reasons for shortfall in production of steel during the 4th Plan period has been the unsatisfactory working of the coke oven batteries and backlog of maintenance/inadequate maintenance of the plants, leading to equipment troubles and frequent breakdowns. The Committee consider that equipment troubles and breakdown of plant and machinery are largely due to the failure of management to ensure timely and regular maintenance of the costly plants and machinery. It is surprising that with the experience of nearly a decade and a half of the working of the steel industry in the public sector, effective measures were not devised to ensure the healthy working of the steel plants by well-planned maintenance schedules. The Committee note that recently fairly large scale and well-planned programmes have been undertaken by the SAIL authorities for repair/replacement of coke oven batteries and that a great deal of stress has been laid on ensuring that technical requirements for maintenance/ production are fully adhered to. The Committee need hardly emphasise the importance of well-planned measures for the maintenance and upkeep of plants and equipments in sound working conditions so as to avoid a recurrence of breakdowns and ensure uninterrupted production to the maximum extent. The Committee would therefore, like Government to ensure that concerted measures are taken urgently by each steel plant to set up well-organised repairing and maintenance teams for carrying out preventive and regular maintenance and repair of plant and machinery, according to a well-laid down maintenance schedule.



### Reply of Government

The need for and the importance of well-planned maintenance and upkeep of plant and equipment is accepted. This is constantly being stressed upon and steel plants have well organised repairs and maintenance organisations. The maintenance of equipment is done through pre-determined schedules of preventive maintenance and capital repairs/major overhauls. Capital repairs/major overhauls of major plant assets are carried out according to pre-determined schedules which are worked out keeping in view the history and the life of the equipment, loading of the maintenance organisation, availability of spares and repairs supplies and technological balance of production at the plant. For repairs/rebuilding of coke ovens batteries, long terms schedules have been worked out. These schedules are reviewed regularly with a view to effecting such modifications as may be necessary.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated 30th October, 1975.]

#### Recommendation (Serial Nos. 5 and 6—Para Nos. 2.83 and 2.84)

The Committee are concerned to note that shortages and interruptions in power supply from the Damodar Valley Corporation, Bihar State Electricity Board and Orissa State Electricity Board have also been responsible for shortfall in production of steel during recent years. In 1973-74, the loss in production of steel on account of power cuts has been estimated to be 4 lakh tonnes. The Committee note that the power supply position has improved during the last four or five months. They further note that SAIL has taken some effective steps in this regard. Great emphasis has been laid to maximise internal generation of power; State Electricity Boards have been impressed to accord higher priority to the requirements of power for the steel plants; a direct line from Bokaro to Dugda Washery has been completed. The Committee have no doubt that with concerted efforts and effective liaison with the State Electricity Boards and D.V.C., it should be possible to ensure regular supply of power to the steel plants to meet their full requirements. The Committee would however like to emphasise that with the increase in production of steel envisaged in future, the requirements of power would also go up considerably. It is therefore imperative that plans and programmes are formulated in advance to ensure that additional supply of power is available in time so as to avoid interruptions and shortfall in production.

The Committee note that the Department of Steel is considering to set up captive power plants, to make good the inadequacy of power supply from the common grid. They note that the unit cost of captive

power plants would be higher than that of a large plant, set up with a common grid. The Committee would like Government to take a comprehensive and integrated view of the national economy and industrial development in the country as a whole while taking a decision regarding the setting up of captive power units by the Steel plants.

### **Reply of Government**

Noted. The requirements of electrical power and energy of the steel plants have been communicated to the Central Electricity Authority year-wise for the Fifth Five Year Plan period commensurate with their forward production programmes for these years. The overall power supply position has shown further improvement during the current financial year.

It is agreed that comprehensive and integrated view of the national economy and industrial development in the country as a whole should be taken before taking a decision regarding the setting up of captive power units by the steel plants.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975]

### **Recommendation (Serial Nos. 7 and 8—Para Nos. 2.85 and 2.86)**

The Committee are distressed to note that irregular supply of coal, particularly, the medium coking coal, has been one of the reasons for shortfall in production of steel. The inadequate supplies were due both on account of lack of availability of coal as also its movements to the steel plants. The Committee note that linkages have been established between the coal mines and the steel plants concerned. New sources of coal supplies have also been tried to maintain regular supply. The production in coal washeries has also improved during the recent months.

The Committee would like to stress that assured, and uninterrupted supply of coal is basic for steel production and it is therefore necessary that linkages for supply of coal to the steel plants should be definite, firm and effective in the interest of smooth and efficient functioning of the steel plants. In this connection, the Committee would like to emphasise that in fixing the linkages, it should be ensured that the steel plants are linked to the nearest coal field so as to reduce the lead time and transportation cost involved. The Committee would further like Government to review the linkages from time to time with a view to remove bottlenecks that may croup up with the passage of time. In this connection the Committee would like to invite attention to the recommendations made in Paragraph 5.53 of their 68th Report (Fifth Lok Sabha) on 'Availability and Distri-

bution of 'Coal' and Paragraph 2.32 and 2.33 of their 75th Report (Fifth Lok Sabha) on the Ministry of Shipping and Transport—Transport Coordination wherein they have dealt with this matter in detail.

### **Reply of Government**

Depending upon the quality of coal, transport logistics and requirement of steel plants, detailed linkages for movement of coking coal have been worked out for the year 1975-76 in March, 1975. Constant review of the linkages is made and such linkages would be worked out at the time of formulation of the production plan before the beginning of each financial year.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975]

### **Recommendation (Serial No. 8, Para No. 2.87)**

The Committee regret to note that there has been heavy loss in production of steel particularly in the Alloy Steel Plants due to labour unrest. They note that efforts have been made towards normalisation of relations by setting up Joint Production Committees. The Committee note that while the floor level Committees and the State level consultative councils have not proved successful so far at Durgapur, the plant level committee at the middle tier had functioned effectively for some time. The Committee however note that the Joint Wage Negotiation Committee for the Steel Industry is functioning as a Joint Negotiating Committee to solve production problems at the steel plants and to meet the situation arising out of work stoppages etc. The Committee need hardly point out that good industrial relations are the corner-stone of industrial productivity and are mainly responsible for stepping up industrial production. They would therefore like Government to take effective measures to improve industrial relations in all the steel plants. It is also necessary that the workers are encouraged to involve themselves in attaining higher production in the steel plants so that they make maximum efforts to achieve and even exceed the rated production.

### **Reply of Government**

Government agree that maintenance of harmonious industrial relations are necessary for improved production and productivity. Concerted efforts in this direction have been and continue to be made within the limitations of certain external factors. In 1974-75 there was an overall improvement in the industrial relations situation in the public sector steel plants. Although the loss of manhours in the HSL plants in 1974-75 was 5,27,766 as against 4,61,164 in 1973-74, the improvement was reflected in higher

production and reduction in the value of production lost on account of disturbed industrial relations which went down from Rs. 22.63 crores in 1973-74 to Rs. 8.73 crores in 1974-75. There has been further improvement in the industrial relations situation in the months of April-September, 1975.

As noted by the Committee, the cooperation and assistance of workers in improving production and productivity is already sought to be achieved through the working of Joint Production Committees. The Government also have under consideration a scheme for workers' participation in industrial undertakings, particularly at the shop floor level and in production programmes in pursuance of the 20-point economic programme.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975]

**Recommendation (Serial Nos. 9 and 15, Para Nos. 2.100—2.102 and 3:36)**

The Committee note that due to steep fall in the production of steel in the Indian Iron and Steel Company Plant (IISCO) the Government took over the management of that Company in July, 1972 to arrest the decreasing trend of production. They note that as against the rated capacity of one million tonnes of ingot steel and 8 lakh tonnes of saleable steel, the production in the IISCO plant had fallen to 3.47 lakh tonnes in 1972-73 and 3.58 lakh tonnes in 1973-74. This steep decline in production has been attributed to inadequacy of replacement, repairs and maintenance of the plant by the previous management.

The Committee note that after the take over of the Company, a number of measures were taken by Government to reorganise and streamline the administrative set up and it has been possible to marginally improve the production of the steel in the Company, as a result of some short term measures. The Committee further note that Government have undertaken a comprehensive scheme of plant rehabilitation at an estimated cost of 43 crores. This scheme is scheduled to be completed in 1976-77 when it will be possible to achieve production of steel of a near capacity level of one million tonnes of ingot steel.

The Committee are, however, concerned to note that there have been some delays in procurement of the various items of plant and equipment required in connection with the implementation of the Plant Rehabilitation Scheme. The Committee would like Government to take all necessary measures to ensure that delays in procurement of various items of plant and equipment are not allowed to delay the implementation of the Plant Rehabilitation Scheme and that the targets fixed in this regard are strictly adhered to so that the plant produces to its rated capacity at the earliest.

S. No. 15. The Committee agree with the view held by the Department of Steel that priority has to be given to the implementation and completion of the Plant Rehabilitation Scheme to restore and improve the health of the IISCO plant by bringing it first to its rated capacity of one million tonnes of ingot steel. The Committee would like to reiterate their view expressed earlier that Government should make all-out efforts to accomplish the whole scheme in time.

### **Reply of Government**

The observations of the Committee have been noted. Every effort is being made to complete the Plant Rehabilitation Scheme within the prescribed time schedule.

[Ministry of Steel & Mines (Department of Steel) Office Memorandum No. H-11020/2/75-Parl. dated the 30 October, 1975]

### **Comments of the Committee**

The final result of action taken may be intimated to the Committee.

### **Recommendation (Serial No. 10,—Para No. 2.114)**

The Committee regret to note that gaps still persist between the demand and production of Ferro-Silicon, Ferro-molybdenum, Ferro-Tungsten, Ferro-Vanadium and Ferro-Titanium etc. and that Government's efforts at creating additional capacities have not borne fruit so far with the result that shortages are expected to continue during the Fifth Plan period also. The Committee urge that concerted efforts should be made to achieve self-reliance in respect of the various ferro-alloys and particularly in respect of Ferro-Silicon where the shortfall is expected to be of the order of 12,000 tonnes in 1980-81. They would stress that effective measures should be taken to set up capacity for the production of strategic material like ferro vanadium, at the earliest.

### **Reply of Government**

The demand and availability estimates for various Ferro Alloys required for steel production have been reviewed recently and the position is as under:

#### **1. Ferro-Chrome/Silico-Chrome:**

The estimated demand of 32,000 tonnes by 1980-81 is expected to be met from the production capacity already sanctioned.

#### **2. Ferro-Silicon:**

The estimated demand of 77,300 tonnes is likely to be met by the units already sanctioned.

### 3. *Ferro Manganese/Silico Manganese:*

The estimated demand of 248,000 tonnes is expected to be met by the capacity already created and approved.

### 4. *Other Ferro Alloys:*

As regards other ferro-alloys, the sanctioned capacity and the anticipated demand are as under:

Sl. No.	Name of Ferro Alloys	Present sanction/ approved capacity (in tonnes)	Anticipated demand (in tonnes)
1	Ferro-titanium . . .	194	55
2	Ferro-molybdenum	700	560
3	Ferro-vanadium . . .	11,000	175
4	Ferro-tungston . . .	775	310

2. Apart from the capacity indicated above, some units in the small scales sector are producing these ferro-alloys in small quantity. A scheme for production of ferro-vanadium in Orissa is also under consideration. Mysore Iron and Steel Ltd., (MISL) have conducted some experiments in collaboration with National Metallurgical Laboratory for production of Ferro-Vanadium with Masanikere Vanadiferrous ore at Karnataka. These two schemes are under examination by S.A.I.L.

3. The demand for various ferro alloys is closely linked with programme of production of steel. The position regarding their demand and availability is reviewed from time to time in order to take steps for creation of additional capacity, wherever necessary.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl, dated the 30th October, 1975]

#### **Further information called for by the Committee**

Please state the latest position in regard to the two schemes for production of ferro-vanadium in Orissa and by M.I.S.L. at Karnataka stated to be under consideration of SAIL.

#### **Further Reply of Government**

The Steel Authority of India Limited have forwarded their proposal to set up a Ferro Vanadium Project at Rairangpur, Orissa, at an estimated

cost of Rs. 16.06 crores, for Government approval. The capacity of the proposed plant is 480 tonnes of Ferro-Vanadium and 47,500 tonnes of foundry iron.

The Mysore Iron and Steel Ltd., now renamed as Vishweshwaraiya Iron & Steel Ltd., Bhadravathi, had been experimenting for some time past in the manufacture of Ferro-Vanadium in their works. Also Vishweshwaraiya Iron & Steel Ltd., have used an existing 1500 KVA furnace, which they normally use for production of other ferro alloys. Other facilities for production of ferro-vanadium do not exist. If VISL want to produce ferro-vanadium, they would have to reduce the production of other ferro alloys or pig iron and invest also on other facilities required for production of ferro-vanadium, if the experiments still under way, are successful. VISL are reported to be conducting trials for the production of ferro-vanadium from vanadium rich slag from electric furnace pig iron, using NML technology. The final outcome of their trials for producing standards grade of Ferro-vanadium is still awaited.

A decision on the proposal of Steel Authority of India Limited has yet to be taken.

[Ministry of Steel and Mines (Department of Steel) O.M. No. H-11020(2)/75-Parl. dated 4.1.1976]

#### **Comments of the Committee**

The Committee would like Government to expedite a decision in the matter.

#### **Recommendation (Serial No. 11—Para Nos. 2.117 and 2.118)**

The Committee are constrained to observe that although in Paragraph 2.61 of their original Report, they had desired Government to bring out a comprehensive White Paper on the state of production in each of the steel plants and the measures taken or proposed to be taken to improve their performance and the Government, in October, 1972, had promised to place the White Paper on the Table of the House, "as soon as possible", the White Paper is yet to be prepared by Government.

The Committee attach the greatest importance to the implementation of the recommendation accepted by Government. It is unfortunate that even after accepting this recommendation, action to implement it has been inordinately delayed. The Committee note that it is proposed to up-date the data to be included in the White Paper in which the Government would project its views regarding the change in the management of the steel industry. The Committee urge that energetic steps should be taken to complete the White Paper and lay it on the Table of the House as early as possible, at any rate, before the end of the current year.

## **Reply of Government**

Noted

[Ministry of Steel and Mines (Department of Steel)  
Office Memorandum No. H-11020(2)/75-Parl.  
dated the 30-10-1975]

### **Further Information called for by the Committee**

Please indicate the specific action taken in implementation of the recommendation to complete the White Paper on the State of production in each of the Steel Plants and the measures taken or proposed to be taken to improve their performance and to lay the White Paper on the Table of the House.

### **Further reply of Government**

The White Paper is under finalisation and is expected to be presented to Parliament during the next Session.

[Ministry of Steel and Mines (Department of Steel)  
O.M. No. H-11020(2)/75-Parl. dated 24-2-1976]

### **Comments of the Committee**

The Committee may also be informed when the White Paper is laid on the Table of the House.

### **Recommendation (Serial No. 12—Para No. 3.12)**

The Committee note that in implementation of the recommendation contained in para 1.35 of their original Report Government have formulated a perspective plan for production of iron and steel for the next ten years from 1974-75 to 1983-84 based on the Report of the Planning Group submitted in April, 1973. The Committee however find from these projections that there is a big gap of 14.63 lakh tonnes between the demand and estimated production of mild steel (finished) during 1974-75. The gap persists till the end of the Sixth Plan. The Committee are constrained to observe that even after twenty years of planning the country is not self-sufficient in a vital material like steel whilst the other countries like Japan have made tremendous progress in spite of comparative disadvantages from which they are suffering. The Committee are deeply concerned to note that steel will have to be imported with a view to bridge the gap between the demand and production. Total steel imports during 1973-74 were over a million tonnes valued at over Rs. 237 crores. During 1974-75 the total imports will be of the order of Rs. 275 crores. The Committee regret that substantial amounts had to be spent on imports resulting in outgo of scarce



foreign exchange. While the Committee agree with the Government's view that taking into account the technological and economic considerations it is not desirable that the country should produce every item, they would like to emphasise that the imports should be minimised to the extent possible by stepping up production upto the rated capacity, creating new capacities, and also by changing the product mix of steel plants to meet the emerging pattern of demand in the country.

### **Reply of Government**

Based on the earlier projections of demand and the expected production level attainable by the end of 6th Plan period, there still remains a gap to be filled. However, it has been observed during the current year that the availability of steel is in excess of the domestic demand and the question of enhancing exports is under active consideration. In view of the changed circumstances, year-wise demand & availability projections for the Fifth and Sixth Five Year Plans are again being reviewed in consultation with the Planning Commission.

It may be pointed out that in the current financial year 1975-76, the country would be more than self-sufficient in aggregate terms in so far as iron and steel is concerned. Imports for 1975-76 have been planned at 3.27 lakh tonnes as compared to the planned exports of 11.55 lakh tonnes showing, an aggregate, a surplus of 8.28 lakh tonnes. Already this country is self-sufficient in various categories of steel like bars, rods, billets and rails. We are already in the export market for these products. With the gradual stepping up of production in Bokaro, we may be having exportable surplus in hot rolled coils also.

We are only importing these categories of steel which are either not produced in the country at all or whose production is not to the extent required by the country, e.g., plates and certain categories of structurals. Towards minimisation of imports, we are stepping up our production from the existing producers and also accelerating the construction of Bokaro Steel Plant. The Detailed Project Reports for the two integrated steel plants at Vijayanagar and Visakhapatnam have already been commissioned. It is neither technologically possible nor economically viable for every country to produce every item of steel. It may, therefore, be unavoidable to continue to import certain categories of steel in future also. However, all efforts are being made to reduce imports to the barest minimum.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum  
No. H-11020(2)/75-Parl. dt. 30 Oct., 1975].

**Recommendation (Serial No. 16—Para No. 3.52)**

The Committee note that while the need for additional capacity for steel was felt during the Third Plan and the studies for the setting up of three new plants at Salem, Vijayanagar and Visakhapatnam were initiated as early as in 1962. The decision to set up these plants were taken in 1970. The Committee note that while the DPR for Salem Steel Plant has almost been finalised the detailed project Reports for the Visakhapatnam and Vijayanagar projects are still at the initial stages of preparation even after a lapse of 5 years from the date of the decision. The Committee understand that the delay in the setting up these three projects has to an extent resulted from the Government's anxiety that the economic feasibility of the plants should be ensured before launching upon these projects. Now that work on the detailed project Reports has been initiated in respect of all these projects which are proposed to be completed in the Sixth Plan period the Committee hope that every effort will be made by Government to complete the projects in time so that additional steel is available during the Sixth Plan Period.

**Reply of Government**

The recommendations have been noted. The Detailed Project Reports for Visakhapatnam and Vijayanagar Steel Projects have been commissioned on 1st April, 1975 and 2nd April, 1975, respectively, and are scheduled to be submitted by the Consultants by the end of 1976. Subject to the availability of resources for implementation, efforts would be made to complete all the three Projects expeditiously.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dt. the 30 Oct., 1975].

**Recommendation (Serial No. 17—Para 3.58)**

The Committee note that Durgapur Steel Plant which has a capacity of 1.6 million tonnes in terms of ingot steel is, at present working at about 50 per cent of the rated capacity. The Committee note that a detailed feasibility study of the possible expansion of this plant is also under preparation. The Committee are inclined to agree with Government that the emphasis should, in the first instance, be laid on maximising production in this plant so as to reach the existing rated capacity as early as possible. They would therefore urge that concerted efforts should be made to improve industrial relations in this plant on a durable basis as also to remove other constraints on production such as, power restrictions from DVC, short availability of gas due to deteriorating conditions of coke oven, short availability of coke etc., so as to optimise production at the earliest.

### Reply of Government

The observations of the Committee have been noted and action is being taken accordingly.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dt. the 30 Oct., 1975]

### Recommendation (Serial No. 18—Para No. 3.59)

The Committee further note that Rourkela Steel Plant which has a rated capacity of 1.8 million tonnes in terms of ingot steel, is at present working at about 65 per cent of its capacity and that it expects to reach 80 per cent of its capacity by next year. They further note that the expansion of the capacity of this plant is also under consideration. The Committee would urge that concerted measures should be taken by Government to step up production in the plant so as to reach the rated capacity at the earliest.

### Reply of Government

The concerted measures are under implementation at Rourkela Steel Plant to step up the production at the plant to a steady level of above 90 per cent of the rated capacity. During the year 1975-76, Rourkela Steel Plant has been given a target of achieving 73.5 per cent of rated capacity in terms of saleable steel as against 66.3 per cent attained in 1974-75. In case of improvement in supply of power, Rourkela Steel Plant is capable of improving upon the rated capacity utilisation figures in the years 1976-77 and beyond.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dt. the 30 Oct., 1975]

### Recommendation (Serial No. 18—Para No. 3.60)

The Committee realise that expansion of capacity of the existing plants is economical compared to setting up of new plants. At the same time, they feel that all out efforts should be made to reach the rated capacities so as to create a congenial climate for undertaking expansion of the existing plants.

### Reply of Government

The Task Force on Iron and Steel had examined the issue related to the economics of expanding existing steel plants by way of modernisation/balancing facilities, vis-a-vis, setting up of new plants at greenfield sites.

It was felt that a distinction should be drawn between marginal investment required for increasing productivity and productive efficiency in the existing steel plants through technological improvements and through improved operational skills and the investments in large scale expansion. In order to obtain better output, technological improvements could be taken up even independent of the expansion programmes so as to reduce capital cost as well as cost of production per unit of iron and steel.

2. The production at the existing steel plants is being improved gradually. It is estimated that on a sustained basis, the plants will be able to attain the rated capacity utilisation of about 90 per cent.

3. The production of saleable steel during 1974-75 was higher by 5,47,000 tonnes as compared to the production during 1973-74, representing an increase of 12½ per cent. For the year 1975-76, a target of 5.7 million tonnes of saleable steel has been planned. This would be about 16 per cent higher than the production of saleable steel in 1974-75. The targetted production for the period April—September, 1975 was 2.604 million tonnes. The production during the corresponding period was 2.569 million tonnes whereas production for the same period during the last year was 2.265 million tonnes. Hence it was possible to achieve 99 per cent of the targetted production during the first five months of the current year. This also shows that the production had been 13.0 per cent higher as compared to the production during the corresponding period of 1974-75.

4. The improvement in the levels of efficiency and productivity has been possible principally due to very close and effective liaison with the agencies supplying power, coal and railway movement and also due to the close co-operation of the workers and the trade unions. Very special attention has been paid during the year to effective maintenance, specially during production.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dt. the 30th Oct., 1975]

**Recommendation (Serial No. 19—Para No. 3.64)**

The Committee noted the view taken by the Planning Group that a prudent and practical approach would be to expand the existing steel plants progressively and at the same time to draw up a long term programme for new plants at greenfield sites. The Committee, however, note that due to

severe constraint on resources even for the ongoing schemes, such studies are likely to be accorded lower priority and made use of only in the steel development programme in the Sixth and succeeding Plan periods. Since, however, these projects are expected to serve as nuclei for future expansion and in view of the long gestation period involved in the setting up of such projects, the Committee hope that advance action on these projects will be taken in time.

### Reply of Government

The Task Force on Iron and Steel envisaged that future steel capacity would have to be developed by the expansion of existing plants progressively and, at the same time, drawing up long-term proposals for new steel plants which, in turn, could also serve as a nucleus for further expansion in subsequent Plan periods. Keeping in view the various considerations which should serve as a guide for selection of new steel plant sites and eliminating those areas where steel plants have already been located or planned, the Planning Group recommended that the following locations may be studied for large integrated steel plants:—

- (i) A plant drawing its requirement of iron ore from the Bailadila range, in Madhya Pradesh;
- (ii) A plant based on iron ore from Rowghat (Madhya Pradesh) Surajgarh (Maharashtra) iron ore deposits;
- (iii) A plant based on Bonaigarh/Nayagarh iron ore deposit in Orissa;
- (iv) A plant on the Western coast based on Kudremukh iron ore deposits; and
- (v) A plant based on iron ore deposits of Goa supplemented by iron ore from Bellary Hospet reserves.

Within the constraints of resources, advance actions are being taken for installation of new steel plants at greenfield sites on a long-term view. The detailed project reports for new steel plants at Visakhapatnam and Vijayanagar have been commissioned in April, 1975. The preparation of these reports would take about 21 months. The DPR for the special steel plant at Salem has been received and is now under examination. Feasibility Studies for green field location at Bailadila and Surajgarh have also been prepared and are now under examination.

Due to the tight position of resources, allocation of fund is not adequate even for the on going schemes in the Fifth Plan period and, as such, it may not be possible to take much action on these locations. However,

the studies to be made in the Fifth plan period for additional steel making capacity can be made use of in the succeeding Five Year Plans, depending on the availability of resources and the inter se priority for various schemes.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dt. the 30 Oct., 1975]

### **Recommendation (Serial No. 20—Para Nos. 3.85 and 3.86)**

The Committee are happy to note the accelerated efforts made by the Government towards meeting the prevailing shortages of steel by means of setting up electric furnace-cum-continuous conventional casting units for manufacture of steel ingots/billets in the country in the private as well as public sector units. The Committee also note that Government have so far permitted 182 units with an aggregate capacity of 40.65 lakh tonnes per annum which are dispersed over as many as 17 States in the country. Out of these, 59 units, having a total capacity of 16.7 lakh tonnes per annum, are reported to have gone into production.

The Committee, however, regret to note that a large number of units have not been able to start production for want of power as the States concerned are not in a position to help them in this matter and further licensing of such units has been discouraged on this account. The committee desire that the matter regarding shortage of power supply to these units should be taken up at the highest level and adequate programmes for augmentation of power supply for the steel industry may be drawn up on a priority basis.

### **Reply of Government**

The above recommendations have been brought to the notice of the Ministry of Energy and that Ministry has been requested to take up the matter at the highest level with a view to ensuring adequate and un-interrupted power supply to electric furnace units vide Department's O.M. No. IND(I)-3(41)/72 dated 1st August, 1975. (Copy enclosed).

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dt. the 30th Oct., 1975]

### **Comments of the Committee**

The final result of action taken may be communicated to the Com-

**Recommendation (Serial No. 21—Para No. 3.87)**

The Committee are happy to note that continuous casting process for production of steel ingots/billets has been successful in the country and hope that as soon as the power position improves, the setting up of these units will be encouraged.

**Reply of Government**

As mentioned in reply to para 3.86, the question of power supply has already been taken up with the Ministry of Energy. As and when the power supply position improves, the question of encouraging the setting up of more units will be examined, taking into consideration the demand and availability of the products, the availability of raw material, etc.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dt. the 30 Oct., 1975]

**Recommendation (Serial No. 22—Para No. 3.92)**

The Committee note that according to Plan figures furnished to them in October, 1974, the gap between estimated demand and production of Alloys and Special Steels would increase from about 90,000 tonnes in 1974-75 to about 2,80,000 tonnes by the end of Fifth Plan and to over 7,00,000 tonnes by the end of the Sixth Plan. On the other hand the revised figures furnished in November, 1974 show a surplus in production of these varieties of steels in comparison to the requirements as it has been stated that the demand is bound to come down in view of the policy of curbing the use of high quality steels for non-essential end uses. The Committee wish to point out in this connection that the arc furnace units which are expected to increase the production of special steels, may not be able to do so as they are at present severely handicapped for want of power. The Committee are, therefore, doubtful if these projections made regarding the production of Alloy and Special Steels are likely to come true. Moreover, even according to Government the demand may rise again during the course of one or two years. The Committee, therefore, recommend that Government should review the estimates for demand and supply of alloy and special steels more realistically and take suitable measures to increase the production of these steels in adequate quantities and plan to create additional capacities to meet future requirements so as to reduce dependence on imports.

**Reply of Government**

The gap between demand and production of alloy and special steels was originally worked out to be about 90,000 tonnes in 1974-75 which

would increase to about 2,80,000 tonnes by the end of 5th Plan and to about 700,000 tonnes by the end of Sixth Plan. These gaps were worked out on the basis of the expected production from main alloy steel producers in the country. However, with the rapid growth of scrap based electric arc furnace units for steel making and the fall in demand of mild steel bars and rods, it was felt that it would be possible to meet the requirement of some categories of low alloy and special steels in the country by way of diversification of this industry. Taking into account the availability of such categories of low alloy and special steels from mini steel plants, alloy steels plants and some quantity produced by integrated steel plants, and also the expected growth rate in demand with reference to 1974-75 requirements, it was felt that there would be a surplus of about 132,000 tonnes in 1975-76 which was estimated to get reduced to about 106,000 tonnes by 1978-79. Since all the electric arc furnace units may not be technologically equipped to produce higher alloy steels, there would still be a deficit in certain Categories and Quantities which might have to be met through imports.

2. As regards power availability, the situation has shown some improvement as compared to the last year and in view of the various measures taken or under implementation, the overall position regarding availability of power is expected to improve in future.

3. The electric steel making capacity available in the country is much in excess of the level of utilisation which has been low due to various constraints. In view of the anticipated improvement in power supply, there may not be much difficulty in meeting the major portion of the total alloy and special steel requirement of the country. The Steel Authority of India Limited is keeping track of the situation, reviewing the demand of alloy and special steels from year to year and suggesting various ways and means so as to divert the potential capacity to meet our requirements to the extent possible.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum  
No. H-11020(2)/75-Parl. dated the 4-1-1976]

### **Recommendation (Serial Nos. 23 & 24, Para Nos. 4.14 & 4.15)**

The Committee note that in implementation of the recommendations contained in paragraph 4.29 of their original Report, Government have laid down broad guide lines for fixing priorities for allocation of steel to the various steel indentors and that the guidelines have proved useful in simplifying the procedure and taking expeditious decisions on allocation of priorities.



The Committee note that with a view to avoid delays and uncertainty in supplies of steel as also to remove bottlenecks in the movement of steel a revised distribution policy in respect of steel is being implemented by Government. This distribution policy has, *inter alia*, done away with indents and sale order system for about 1300 Steel Priority Committee Allottees, abolished earnest money, deposit, reduced time lag in processing of demand, made allocations annually for a number of Steel Priority Committee Allottees, and arranged the movement of steel in bulk and rake loads etc. The result has been that under the new distribution system, there is an easy and increased availability of steel to the various consumers. The Committee are particularly happy that the new distribution system has practically wiped out black market in steel which was rampant previously. There is very small difference in the stockyard prices and the market prices except in respect of a few items. The Committee are confident that with the increased production of steel as also with further simplification and streamlining of the distribution procedure it would be possible to make steel easily available to all consumers at the fixed prices. The Committee however urge that the working of the new distribution system should be kept under constant review and necessary improvements made, in the light of experience gained, to ensure that steel is available to all consumers readily and at stockyard prices.

### **Reply of Government**

The recommendations of the Committee have been noted for taking necessary action. The distribution procedures are being reviewed from time to time. The Joint Plant Committee has since issued on 2nd May, 1975 'Guidelines to producers and Consumers regarding Distribution of Iron & Steel', a copy of which is enclosed. These 'guidelines' have further simplified the distribution procedures.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30 October, 1975]

### **Recommendation (Serial No. 26,—Para No. 4.27)**

The Committee would also reiterate the recommendation made in para 4.72 of their original Report and urge Government to review the working of the new procedure of distribution of steel to the small scale sector through Small Scale Industries Corporations, from time to time in the light of difficulties explained in para 4.71 thereof and take adequate remedial measures to ensure that the new procedures does not result in hardship to the small scale units.

### Reply of Government

The small scale units obtain their requirements of steel at present through the Small Scale Industries Corporations who get most of their supplies directly from the Steel Plants even if the tonnage involved is small. This is for the convenience of the small scale sector.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 4-1-1976]

### Further Information called for by the Committee

Please state the steps being taken to review the working of the new procedure of distribution of steel to the small scale sector through Small Scale Industries Corporations in the light of difficulties explained in para 4.71 of the original report.

### Further reply of Government

The distribution of procedure was recently streamlined. As the Small Scale Industries Corporations were holding large stocks of iron and steel material, they were permitted to dispose of old stocks relating to the period prior to 1.6.1975 to the non-SSI units/trade also. The Corporations get supplies in wagon load direct from the plants at plant prices.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 4-1-1976]

### Recommendation (Serial No. 27 in Appendix-I, Para No. 4.32)

The Committee note that in implementation of the recommendation contained in paragraph 5.29 of their original Report regarding measures to ensure that steel was put to proper use and was not surreptitiously sold in the market, thereby vitiating the atmosphere, Government had suitably amended the Iron and Steel (Control) Order and set up the regional offices of the Iron and Steel Controller. The Committee are happy to note that the Department has stepped up inspections and enforcement drive to check misuse of allocations of steel which had a salutary effect. The Committee urge that these measures should be carried on vigorously and on a continuous basis, so as to ensure that steel has been used for the purpose for which it was allotted and there is no blackmarket.

### Reply of Government

Blackmarket in steel has almost disappeared. The Regional Offices are taking steps, on a continuous basis, for checking misutilisation of steel.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30 October, 1975]

**Recommendation (Serial No. 28,—Para No. 4.36)**

The Committee note that storage capacity in Hindustan Steel Limited Stockyards has gone up from an average of about 70,000 tonnes during 1973-74 to 1,40,000 tonnes at present. The Committee also note that by 1975-76 the HSL Stockyards will have to handle 2,00,000 tonnes of steel per month. The Committee desire that periodical review of the requirements of space and equipment at the stockyards should be made and suitable measure should be taken so that there is no difficulty in handling increased volume of tonnage in the stockyards, with maximum efficiency and least cost.

**Reply of Government**

The recommendation of the Committee is being implemented by the Steel Authority of India Limited.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975]

### CHAPTER III

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

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NIL

## CHAPTER IV

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

#### **Recommendation (Serial No. 13, Para Nos. 3.27 & 3.30)**

The Committee note that there have been considerable delays in the construction schedules of the Bokaro Steel Plant. The first stage of 1.7 m.t. capacity was to be completed by the middle of 1973. The schedule was revised in the middle of 1973 and according to the revised schedule, this stage should have been completed by December, 1974. It has not been possible even to adhere to the revised schedule. The first stage is now expected to be completed by December, 1975 (excluding the cold rolling mill which will be coming by December, 1976) although by that time the whole project with 4. m.t. capacity was intended to be completed. The 4 m.t. stage is now expected to be completed by December, 1977.

The Committee note that the delays have been caused by the failure on the part of indigenous manufacturers to maintain the commitment for supply of equipments, delays in construction work and delay in preparation of equipment data for the second steel mill shop which is part of the 4 m.t. stage, resulting in delay in preparation of working drawings by the consultants and consequent delay in the commencement of civil construction work in the second steel mill shop area.

The Committee appreciate the efforts of the Department of Steel for indigenising the whole effort at Bokaro and striving to make it a "Swadeshi" plant, thereby giving a tremendous fillip to the indigenous industry. The Committee note that in the first stage 90 to 95 per cent of the building and technological structure has been completed indigenously. Sixty-five per cent of the mechanical equipment required for Bokaro's first stage and 86 per cent for the second stage had been manufactured indigenously. Moreover, the Committee note that simultaneously with the 1.7 m.t. stage, a major portion of the 4 m.t. stage will also be completed. The Committee endorse the efforts made at indigenisation of the plant and machinery required for the Bokaro Steel Plant even though it has meant a little delay. They hope that with the experience gained in the erection of this plant, it would be possible to make the future steel plants fully "Swadeshi" and avoid delays which have occurred in this case.

The Committee would, however, like to point out that the delay has resulted not only in increase in the cost of the plant but also in depriv-

ing the country of the supply of sufficient quantities of steel which is an essential raw material for the development of the indigenous industry. They would, therefore, strongly urge Government to take all effective and concerted steps to ensure that the revised schedules for the completion of Bokaro Plant are strictly adhered to and that no further slippages are allowed to occur in these schedules.

### **Reply of Government**

All efforts are being made to adhere to the revised schedules for the completion of Bokaro Steel Plant. This would, however, depend on the availability of the infrastructure inputs like power, coal and rail transport. Some *inter se* adjustments in the commissioning schedule not of any basic nature may have to be made on these considerations.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975]

### **Further Information called for by the Committee**

Please state the position in regard to completing the first stage of the production in respect of Bokaro Steel Plant which was scheduled to be completed by December, 1975. Please indicate also the *inter se* adjustments made in the commissioning schedules of the Plant.

### **Further reply of Government**

According to the approved coordinated construction schedule, the first stage of 1.7 MT at Bokaro was to be commissioned by December, 1975 excluding the associated cold-rolling mills complex which was to be commissioned a year later. Substantial progress has been made in the construction of the Bokaro Steel Plant. The production of finished steel has commenced in the plant with the successful completion of the trial run of the hot strip mill on the 10th December, 1975. Out of the 1.7 MT units, two coke oven batteries, two blast furnaces, two steel converters and the cold rolling mills are the major units still to be commissioned. One coke oven battery and one blast furnace were completed by middle of 1975 but could not be commissioned owing to shortfalls in supply of cooking coal. Commissioning of converters is linked with the commissioning of Blast Furnaces. Notwithstanding the unavoidable delay in commissioning

of the coke ovens and the blast furnaces, the completion and trial run of the hot strip mill was proceeded with to produce finished steel from Bokaro, even though at a reduced level of output, in December, 1975 as provided in the approved coordinated construction schedule.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum  
No. H-11020(2)/75-Parl. dated the 4th January, 1976]

**Comments of the Committee**

Please see paras 1—5 of the Report (Chapter I).

## CHAPTER V

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### **Recommendation (Serial No. 14, Para No. 3.33)**

The Committee are unhappy to note that the expansion scheme of Bhilai Steel Plant from 2.5 MT to 4.00 M.T. ingot steel which was to have been completed by the end of 1976 was likely to be delayed by more than two years. The Committee strongly urge that Government should take effective measures to expedite the completion of the project so as to minimise the delays as far as possible.

#### **Reply of Government**

The expansion scheme of Bhilai Steel Plant from 2.5 M.T. to 4.00 M.T. crude steel is now under discussion with the Planning Commission. In view of constraints of resources, Planning Commission has suggested further phasing out of the Scheme. However, the decision on this would be taken depending upon the resources position.

[Ministry of Steel and Mines (Department of Steel) Office Memorandum No. H-11020(2)/75-Parl. dated the 30th October, 1975]

#### **Comments of the Committee**

The Committee would like to be apprised of the final decision taken in this matter.

#### **Recommendation (Serial No. 25, Para Nos. 4.25 and 4.26)**

The Committee regret to observe that although Government in April, 1973 accepted in principle that the prices of steel charged from the Small Scale Industry Units who are getting their supplies through the Small Scale Industries Coroparations, should be the same as those being charged from other indentors who are getting their supplies from the Steel Plants direct, and the Report of a Departmental Study Group which examined this matter in detail was also received in January, 1974, no final decision has yet been taken in the matter.

The Committee need hardly emphasise that the small units should not be placed at a disadvantageous position in regard to prices compared to



the large units as these are mainly run by men of small means. The Committee, therefore, stress that Government should take immediate steps to ensure that steel materials are made available to the Small Scale Industries Corporations at a concessional price so that after adding their margin, the prices to the small scale units purchasing material from them are roughly the same as is paid by the units which obtain material directly from the steel plants.

### **Reply of Government**

This matter is under active consideration of Government, at present.  
[Ministry of Steel and Mines (Department of Steel) Office Memorandum  
No. H-11020(2)/75-Parl. dated the 30th October, 1975]

### **Further Information called for by the Committee**

Please state the latest position in regard to making steel available to the Small Scale Industries Corporations at a concessional price.

### **Further reply of Government**

The matter is still under consideration.

### **Comments of the Committee**

Please see paras 6—12 of the Report (Chapter I).

NEW DELHI;  
*April 20, 1976.*  

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*Chaitra 31, 1898 (Saka).*

R. K. SINHA,  
*Chairman,*  
*Estimates Committee.*

## APPENDIX I

(vide Recommendation Sl. No. 20)\*

*Copy of Office Memorandum No. IND(I)-3(41)/72 dated 1-8-1975*

**SUBJECT.**—*Recommendations contained in the 78th Report of the Estimates Committee on the Ministry of Steel & Mines (Department of Steel) Planning, Production & Distribution of Steel—Electric Furnace units licensed/registered for the manufacture of steel ingots.*

The undersigned is directed to enclose extracts (paras 3.85 and 3.86) of the Conclusions/recommendations contained in the 78th Report of the Estimates Committee on the Ministry of Steel and Mines (Department of Steel) and to state in this connection that attention of this Department has also been separately drawn in the past regarding the difficulties experienced by the electric furnace units engaged in the production of steel in the matter of power supply resulting in loss of production and even partial closure of some units on account of non-availability of power to the units. In this context, the position of electric steel making units located in the State of U.P., was reported to be worst affected, and was mentioned in particular by the Steel Furnace Association of India in their representation dated 1st May, 1975, addressed to the Minister of Steel and Mines. Accordingly, the matter has already been taken up with State Government at Minister's level, vide D.O. Letter No. IND(I)-17(5)/73-2342 dated 21-5-1975 from Minister of Steel and Mines to the Chief Minister, UP (Copy enclosed).

2. In view of the fact that considerable investments in the Electric Furnace units are lying unutilised or are under-utilised and steel production is suffering on account of lack of inadequate supply of power to these units, it is necessary to take immediate steps to ensure adequate and un-interrupted power supply to these units.

3. As recommended by the Estimates Committee in its report above, it is requested that the Ministry of Energy may kindly take up the matter at the highest level with a view to ensuring adequate and un-interrupted power supply to these units. A list showing the State-wise dispersal of the Electric Furnace units is attached. The action taken in the matter may kindly be intimated to this Department.

Sd./- A. N. RAJAGOPALAN,  
Dy. Secy. to the Govt. of India.

The Ministry of Energy,  
Department of Energy—  
Shri Arun Bhatnagar,  
Dy. Secretary,  
New Delhi

## APPENDIX II

(*vide* Recommendations Sl. Nos. 23 & 24)

### *Joint Plant Committee*

#### *Guidelines to producers & consumers regarding distribution of Iron and Steel, 22nd May, 1975.*

##### *O. Introduction*

0.1 In the last 12 months, steel supply position has undergone a major change. With larger supplies, steel is no longer scarce. The market premiums in steel have virtually disappeared. In a number of categories, producers' prices and the market prices are at par. The shortage psychology and scramble for steel has given place to relative normalcy of supplies.

0.2. Genuine consumers seeing larger availability especially at the stockyards (the producers currently have over 60 delivery points all over the country) are tending to buy their necessary requirements for use rather than stock piling. The Credit Policy followed by Banks which has helped to curb inflation has also had its important effect on the pattern of Iron & Steel purchases and inventory holding.

0.3 Any distribution system has to be alive to the realities of supply and demand, national needs and priorities, and evolve a simple method by which producers can supply the consumers their requirements of raw materials as and when they want them.

0.4 In the following paras is outlined details of domestic distribution system for steel both from the plants and the Stockyards which is simple, direct and places the responsibility of satisfying customer needs where it belongs *viz.*, on the producers.

##### *1. Availability of Iron & Steel in Retrospect & Prospect*

1.1 During the year 1974-75 production of saleable steel in integrated Steel Plants increased by 546,000 tonnes or 12.6 per cent over the previous year. With larger movement of steel from the Plants, taking into account import arrivals and production of Arc Furnaces, the total availability in 1974-75 of saleable steel was 1.014 million tonnes or 20 per cent more than previous year.

1.2 With larger supply in relation to demand, in categories like Pig Iron, Billets & Bars & Rods and others, it has been possible to commence export of surpluses. In a number of other categories, acute shortages have disappeared.

1.3 In 1975-76 production of saleable steel from the integrated Steel Plants and arc furnaces and scrap rerollers is projected to be 6.45 million tonnes, an increase of 20 per cent over previous year. They are furnaces which have been facing problems due to lack of power and uneconomic operations can be expected to increase their production in the coming year with the improvement in power supply and scrap. Regarding economic viability, assistance they require is being considered.

Changes have been made in the production programmes of main Steel Plants in 1974-75 to produce more of categories needed for priority customers such as Structural & Plates. This effort will be continued this year with additional emphasis on quality and critical sized production. In addition commissioning of Hot Strip Mill in Bokaro in 1975-76 will result in due course in domestic demand being completely satisfied in Plates upto 10 mm. HR Sheets 10—14 gauge and HR Coils.

1.4 We have also booked beyond next year into 1976-77 and 1977-78 till the end of 1978-79 and carefully estimated possible levels of supply and demand for steel.

Supply projections are based on:—

- (i) increase in production of the existing Steel Plants which would mean larger capacity utilisation;
- (ii) Bokaro contributing towards a steady flow of finished steel;
- (iii) larger capacity utilisation of Arc Furnaces with better availability of power, scrap and improved economics of operation.

1.5 By 1978-79 the total saleable steel production in the integrated Steel Plants is estimated at 8.490 million tonnes. Together with production from Arc Furnaces, domestic production will be 9.859 million tonnes.

1.6 Category-wise demand estimates have been made taking into account the probable rates of growth of consuming industries and after holding discussions with the appropriate Government Departments and large number of consumers. The level of demand in 1978-79 is likely to be around 7.658 million tonnes.

1.7 This exercise indicates that in 1975-76; 1976-77; 1977-78; and 1978-79, there will be increasing availability in Pig Iron, Semis, Bars and

Rods, Wire Rods, Light Structural, Plates upto 10 mm. HR Sheets 10—14 Gauge, HR Coils, CR Sheets & Coils and CP/CC Sheets sufficient to meet domestic demand fully and also provide for exports.

1.8 Acute shortages of steel are not conducive to growth. Shortages lead to runaway prices, uncertain deliveries, delay and setback in economic development. Supply and demand exercises indicate that adequate steel will be available.

1.9 Surplus big or small need a different kind of attention. Export business needs earning the goodwill of the foreign buyer, advance planning of production and prompt despatch. If this is not done, this also will create problems for growth.

1.10 While steel sector will be a growing exporter, there will be imports of steel mainly those categories which we do not make and special varieties. In addition to regular imports in consultation with consumers, SAIL International will also endeavour to import against anticipated shortages of critical items. Producers and the Joint Plant Committee will review the supply and demand position regularly to help such assessment. With constructive use of such imports, there should be no return to shortages even in some categories temporarily.

1.11 The guidelines to producers' and consumers' of steel take into account the better supply position, the need for exports and the constructive role given to imports. They do away with long time lags in procurement which had been as much as 9 months to a year, much paper work, multiplicities of agencies like JPC sponsoring authorities, allocating authorities, producers' and others and aim at greater satisfaction to the genuine consumers.

## 2. *Steel Priority Committee Decision*

2.1 In its meeting held on 24th February, 1975 the Steel Priority Committee (SPC) took careful note of the additional availability of steel, reduction in inventories by consumers, fall in the market prices and voluntary surrender of earlier inflated allocation by the consumers.

2.2 In the past demands placed before SPC by the customers had been inflated because of uncertainty and psychology of shortage. Accordingly, some of the earlier allocations issued by SPC at the request of the customers have become unrealistic in view of changed market conditions and changed needs of customers.

2.3 The Committee noted that the producers had already met customer groups like Heavy Industry, CWPC and Electricity Boards, Boiler manufacturers, etc., to discuss the requirements of steel and they intended

having regular meetings with customers with a view to understand their requirements better. The SPC appreciated these meetings and felt these should continue and the scope enlarged.

2.4 After a review of supply and demand of steel category-wise, it was agreed that SPC will retain for distribution only two items viz., Plates and Forging Quality steel which continues to be relatively short in supply and transfer the rest of the items to JPC.

2.5 The relevant Government Notification of 3-3-1975 is attached.

2.6 The guidelines to follow will apply to the items delegated to the JPC in the above notification and are governed by above directives.

#### 4. Directives to Producers from Joint Plant Committee (JPC)

3.1 Against the background of larger availability of steel, it is the intention that customers (Particularly Government Departments, Projects & Priority customers) should be able to buy their steel requirements and receive more easily from the producers. This will reduce the time lag between request and supply of steel to the consumers and also reduce much paper work for the producers and consumers. This will also help consumers and producers to plan their production better.

3.2 Producers have already created Consumer-Contact-groups who will be in regular touch with consumers according to a well coordinated plan and who will arrange for supply of steel to them from the nearest and most convenient channel with the minimum lead time. The number of such consumer contact groups must increase.

3.3 Actual user customers will be free to take such quantities of steel as are needed by them for use. The earlier SPC allocations will be modified in consultation with consumers and those which are in surplus of the consumer requirements will lapse. No consumer should be forced to take steel which he does not need.

3.4 Producers must bring greater co-relation than hitherto between supply and demand by working out suitable rolling programmes.

3.5 It is appreciated that it would not be possible to solve all the problems of all the consumers in any distribution system. Basic directive to the producers is that they must ensure that the large majority of customers are reasonably satisfied. In this attempt, special attention must be paid to the needs of Public Sector Units, direct Government demands and such priorities which Government may lay down from time to time. The producers are requested to take careful note in this connection of Government notification referred under 1.5 and 2.5 above.

3.6 With the direct supplier and consumer relationship, consumers can deal with producers directly and place order directly on the producers and there will be no need for indenting through JPC or other infructuous paper work with all its attendant delays and other inefficiencies. There will also be no allocation by JPC.

3.7 In exceptional circumstances, which will not only be for temporary periods, if a system of allocation is to be resorted to, this will be done by producers in consultation with JPC and strictly on the basis of customer off-take in the immediate past which is the correct guide for genuine consumption. Such situations will be discussed in the JPC first.

3.8 Recognising fully the importance of small scale industry in economic development, Government have given due role to the State Small Scale Industries Corporations with regard to supply of raw materials including steel. This will continue. SSICs will ensure prompt and efficient distribution of steel, keeping in touch with customers, liaison with the producers regarding supply.

3.9 It is accepted that it is not practical for producers stockyards' to cater directly to the tens and thousands of small scale units spread over the country. It is the primary responsibility of SSICs to supply to small scale units.

3.10 Movement of steel from the Plants in loose wagons resulted in longer turn around time for wagons, undue delay in consumers getting materials after despatch and inability of producers to despatch their full production in 1973-74.

In 1974-75 a change over was made with considerable success to move steel by rakes both to customers and stockyards. It has resulted in reducing the turn around time of wagons, better use of Railway rolling stock and a more efficient use of the transport system. It has also resulted in larger supplies in consuming centres and helped to bring down open market prices and directly helped consumers to hold smaller inventory thereby reducing lock-up of working capital. Producers' will further step-up rake movement in transporting iron and steel.

3.11 Rake movement of steel is recognised both by the Steel Ministry and Railways as the most rational way of optimising the use of our transport facilities. Supplies from the Plants will be made to consumers if their accepted order is for a rake load of one section to one destination from one Plant. However, to help Government Departments, Industry and Small Scale Industries Corporations, the same facility will be given even in the accepted order of rake load is for a mix of sections from one mill. This will be subject to availability. In addition, before accepting

such Plant despatches, producers' will ensure that there is no preemption by any consumer.

3.12 The rest of the supplies will be made from the producers' stockyards.

3.13 In view of the pivotal role assigned to stockyards in the distribution system, producers' must be as soon as possible organise the following:

- (a) increase both the breadth and width of stockyard operations;
- (b) provide adequate mechanical handling and other facilities at the stockyards to better service consumers;
- (c) ensure that the Yards are well managed and cater to customer needs;
- (d) Organise stockyards in such a manner using both their own and other facilities available in the country to ensure that continuous flow of iron and steel materials to the consumers will not be held up for one reason or the other. It is essential that alternate handling facilities and alternate locations be commissioned as soon as possible.

Our basic objective is to ensure that the number of points from which steel could be procured is increased in a planned manner. This would mean greater effective steel availability to consumers.

3.14 In the stockyards, the producers' must keep a range of products as their base stock to enable consumers to buy their requirements as and when they need it. Such a mix of categories will enable the consumer to take his requirements in a manner which will help his production and solve matching steel problems.

3.15 For efficiently implementing the guidelines it is necessary that available steel should be held as widely as possible to suit consumer requirements. Producers should enlarge their Yard operations. The need of the Small Scale Units will similarly be met by the Small Scale Industry Corporations. In course of time, the distribution can be further widened by using appropriate channels who are spread all over the country.

3.16 Producers, however, should ensure that there should be no pre-emption of steel for speculative purposes. Producers are forbidden to accept forward indenting from the trade.

3.17 Producers' representatives in each zone should meet monthly to exchange information on demand and supply and to coordinate their activities.



3.18 A monthly review meeting on all India basis will be organised by Steel Authority of India Limited to assess the performance of the producers *vis-a-vis* demands booked by them and the scheduled programme of rolling-cum-despatch chalked out for the previous month. If any imbalance in planning as between different stockyards is noticed, this meeting will advise necessary corrective steps.

3.19 JPC will hold a quarterly meeting of the producers. Demand and supply position will be reviewed in such meetings. Details of anticipated shortages, if any, will also be thrown up at this meeting to enable SAIL International to take prompt action to import steel items quickly according to the phased delivery required by the customers.

3.20 From at Annexure incorporates a declaration by the indenter that the materials will be consumed by him for the purpose specified therein and not resold without the permission of the Iron and Steel Controller concerned. The Regional Iron & Steel Controllers will continue to exercise vigilance over proper utilisation of all steel materials including JPC items. No supply of steel should be made by the producers/stockyards to any consumers, before obtaining a declaration about consumption.

3.21 The guidelines impose a responsibility on the producers in organising their sales to provide satisfaction to consumers both by increased production and prompt customer service. Similarly the canalising agency will ensure timely and planned imports as envisaged in 3.19 above.

3.22 Hitherto supply of steel was not to specified delivery schedules. With larger supply from stockyards, producers should endeavour to move towards mutually agreed delivery dates.

3.23 Producers are requested immediately to complete the changes already begun by them in the Sales & Marketing Departments to ensure constructive relationship in servicing consumers.

3.24 For those items under SPC like Plates and Forging Quality steel, the existing SPC procedure as explained in the JPC indenting procedure booklet of September, 1974 will continue.

#### 4. Guidelines to Consumers

4.1 Consumers needing Iron & Steel (other than Plates & Forging Quality steels) need not as in the past contact a multiplicity of agencies like Producers' Sales Offices, JPC, Iron & Steel Control, STC and others.

4.2 The producers have posted their representatives at all major consuming centres for being in continuous touch with customers.

**Hindustan Steel's** representatives will also act on behalf of IISCO wherever the latter do not have their representatives.

4.3 JPC has supplied the list of customers on its books to producers' to facilitate customer contact. Customers desirous of obtaining iron and steel may please get in touch with the producers' representatives mentioned earlier and arrange for supplies.

4.4 To facilitate better relationship between customers and producers, all restrictions on sale based on registration date of unit or based on past quotas or allocations or reservations have been removed. The overriding priority for allocations to engineering export industries will continue.

4.5 Supplies to Defence, Power & Irrigation, Engineering Exporters, Steel Plants, Coal Sector & Railways will carry special priority as explained in para 2.5 above.

4.6 Government Departments are advised to coordinate the requirements of their fabricators and obtain them from the producers to ensure timely completion of projects.

4.7 The consumers will give end-use Certificates while ordering materials explained in para 3.20 above.

4.8 The producers' representatives are fully posted at all times about the stocks available with the nearest producers' stockyards, the ensuing rolling programmes at the Plants and expected supplies to the nearby stockyards in the next 4 to 8 weeks. They will also be in continuous touch with various officers of producers' in the zone, at Calcutta and at Plants who are engaged in planning, despatch etc.

4.9 The representatives will be in a position to accept orders from the consumers subject to the guidelines given to the producers.

4.10 The producers' representatives will indicate firm delivery schedule for the materials ordered if these are not from ready stocks with the nearby stockyards.

If the tonnage is large enough to warrant a rake movement from the Plants direct, the producers' representatives will organise it accordingly subject to the points explained in para 3.11 above.

4.11 The Reserve Bank of India has laid norms of inventories for steel using industries among others. The guidelines help to reduce the inventory levels of the consumers and at the same time give them an opportunity to ensure production by drawing on the nearest stockyards instead of having large inventories which, they could not use in production. Under the guidelines producers' will keep balanced stocks with the stock-

yards. It is hoped that this will help the consumers in reducing the inventories inline with the Government's Credit Policy.

4.12 After discussions and agreement with the producers' representative about the materials to be supplied and the period of delivery agreed, and order and acceptance form as per annexure will be signed both by the producers' representative and the consumer.

4.13 If the materials are to be delivered ex-stock the consumer will straightway go to the stockyard mentioned in the order form with the order form and obtain materials against payment.

4.14 If the material is to be supplied ex-stockyard as per the delivery period indicated in the order form, the consumer will be intimated by the producers' representative as soon as the material arrives in the stockyard. The consumer can then go to the stockyard with the order form and pickup the materials.

4.15. If the materials are to be despatched from the Plants, the producers' representatives will intimate the consumer as soon as the materials arrive at the destination and present the documents to the consumer for collecting materials.

4.16. Supplies to Small Scale Industries Corporations will generally be from the Plants direct. Order booking for them will, however, be coordinated through Calcutta Sales Offices of their producers.

4.17 One of the objects of distribution policy is to discourage building up of inventories of iron and steel with the consumers. Earlier, consumers may have had reasons to build up stocks due to:

- (a) Long lead time;
- (b) Bunched supplies;
- (c) Lack of matching steel;
- (d) Uncertainties in supplies and other reasons.

With stockwards carrying a range of supply, inventories with the consumers are expected to come down.

4.18. Financial arrangements for supplies from Plants with the consumers will discourage the tendency to build up inventories on the one hand and ensure that consumers will honour the indents placed on the producers' representatives and will thus provide for full cash advance or 100 per cent coverage.

\*4.19. Supplies from the stockyards will be on Cash basis as hitherto.

4.20. In case of supplies from the stockyards the consumers will inspect the materials before picking up and the question of any claim after delivery of the materials is effected will not arise.

4.21 If the materials are despatched directly from the Plants, the consumer if he notices any discrepancy when the materials are unloaded should immediately get in touch with the producers' representatives and ask him to arrange inspection of the material before lodging a claim on the producer. There will be no claim on producers unless the producers' representative is given an opportunity to inspect the material after these are unloaded from wagons.

4.22. Producers do not take responsibility for shortages in transit, as long as the Railway Receipt confirms the weight despatched.

## *5. Role of the Joint Plant Committee (JPC)*

5.1. JPC is maintaining information about production, consumption and demand for iron and steel in a computerised form. They will continue to do so and in addition classify the information in such a manner that it will function as a modern computerised data bank. It will be its responsibility to keep it updated.

5.2. To help JPC maintain this up-to-date Data Bank, producers will supply on an agreed basis all production figures and sales documents both from the Plants and the Stockyards in a format suitable for computer use.

5.3. JPC will undertake independent planned Market Research to understand and assess developments in the steel market.

5.4. JPC will continue to take up common problems of producers relating to Excise, Sales Tax, Wagon availability etc.

5.5. Hitherto JPC data bank was in relation to domestic production. Hereafter they will also keep information relating to details of steel imports, exports etc. Such a comprehensive approach will help Government, Producers and consumers in planning their activities.

5.6. JPC will concern itself with standardisation and rationalisation of sizes so that production from existing facilities is optimised. They will also liaise with Indian Standards Institution in evolving and modifying standards of various items of steel.

**MINISTRY OF STEEL AND MINES**  
**(DEPARTMENT OF STEEL)**  
**NOTIFICATION**

*New Delhi, the 3rd March, 1975*

S.O. 123(E)/ESS.COMM/Iron & Steel.—In exercise of the powers conferred by Clause 17B of the Iron and Steel (Control) Order 1956, the Central Government hereby makes the following amendments to the notification of the Government of India in the Ministry of Steel and Heavy Engineering No. S.O. 1567/ESS.COMM/Iron & Steel, dated 7th April, 1971:—

In the said notification, in clause 2—

A. In sub-clause (a) for paragraph (13), the following paragraph shall be substituted, namely:—

“(13)(A) The Committee shall regulate the distribution and sale, on a uniform basis for all producers, of the following categories of steel, namely:—

- (i) Pig Iron.
- (ii) Billets and Semis other than those of forging quality.
- (iii) Bars and rods including wire rods other than those of forging quality.
- (iv) Structural sections.
- (v) Electrical Steel Sheets.
- (vi) GP/GC Sheets including coils.
- (vii) Rails—with light and heavy rails.
- (viii) CR Sheets and Coils.
- (ix) HR Sheets and Coils.
- (x) Defective and cuttings of all categories.
- (xi) Re-rollable and other scrap.

and for this purpose the Committee may prescribe uniform procedures and system for the distribution and sale of the aforesaid categories for adoption by all the steel Plants and review the same from time to time.

(B) In laying down the detailed procedures and system under sub-paragraph (A) the Commerce shall ensure that the demands of Defence, Powers and Irrigation, Exports of Engineering goods, Steel and Coal Sectors, Atomic Energy Organisation, Railways and other priority sectors are met in full and only the balance quantities available are distributed to other consumers.”

C. In sub-clause (b), under the heading "Functions" for paragraph (1) the following paragraph shall be substituted, namely:—

"(1) The Committee shall discharge its functions in relation to the following categories of steel produced by the Main steel plants, namely:—

(i) Plates including Coils.

(ii) Forging Quality steels of all categories."

2. Nothing herein contained shall affect decisions, orders and allocations made by the Steel Priority Committee before the date of this modification with regard to any of the categories of steel specified in paragraph (1) under the heading 'Functions' in sub-clause (b) of clause 2, as it existed before the date of this notification."

[No. F.SC(III)-8(38)/75]

**ANNEXURE**

No. \_\_\_\_\_

Customer Code No.-----

Date-----

**ORDER FORM**

1. Producers' representative Code No. \_\_\_\_\_
2. Name and address of the customer \_\_\_\_\_
3. Details of material required .

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No.	Item/Size Specification & Code	Tonnage required	Price per tonne ex-yard/ FOR destination	Schedule of Delivery				End Use
				Month	Delivery Point	Month	Delivery Point	
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4. In case materials are to be despatched from the Plants:—

- (a) Destination
- (b) Consignee
- (c) RR to be sent to
- (d) Invoice to be sent to
- (e) Mode of negotiation of documents.

5. In case of deliveries ex-yard material should be collected from the stockyard against full payment. STD form to be supplied at the time of payment to the stockyard.

6. (a) Price ruling on the date of despatch/delivery will apply;

(b) Sales Tax and other taxes and duties will be over and above.

(c) Materials will be charged on theoretical/mill scale/RR weight basis.

7. Validity of this order for ex-stock deliveries are only \_\_\_\_\_ days from date. Failure to pay and collect within the validity will result in this order lapsing.

8. In cases materials are to be delivered ex-stockyards on advance basis, further communication from the producers' representative to be awaited about arrival of materials in the stockyard.

Payment is to be made and material collected within \_\_\_\_\_ days of the arrival of communication.

9. *The buyer certificate that the material will be used only for the purpose indicated above and material will not be resold or diverted to others except with permission of Iron and Steel Controller.*

Signature of Producers'

Signature of Customer.

Representative:

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### APPENDIX III

(Vide Introduction)

*Analysis of the action taken by the Government on the recommendations contained in the Seventy-Eighth Report of the Estimates Committee.*

(FIFTH LOK SABHA)

I. Total number of recommendations	10
II. Recommendations which have been accepted by Government (vide Recommendations at Sl. Nos. 1-12 15-24, and 26-28.	
Number	25
Percentage to total	89·5%
III. Recommendations which the Committee do not desire to pursue in view of Government's reply.	Nil
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (vide recommendation at Sl. No. 13)	
Number	1
Percentage to total	3·5%
V. Recommendations in respect of which Final replies of Government are still awaited (vide recommendations at Sl. Nos. 14 and 25).	
Number	2
Percentage to total	7%