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STANDING COMMITTEE ON
COAL AND STEEL
(2017-2018)
SIXTEENTH LOK SABHA

MINISTRY OF STEEL

DEMANDS FOR GRANTS

(2018-19)

THIRTY-EIGHTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

MARCH, 2018 /PHALGUNA, 1939 (SAKA)

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(2018-19)

Presented to Lok Sabha on 13.03.2018

Laid in Rajya Sabha on 13.03.2018

LOK SABHA SECRETARIAT

NEW DELHI

MARCH, 2018/PHALGUNA, 1939 (SAKA)

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COMPOSITION OF THE STANDING COMMITTEE ON COAL AND STEEL(2017-18)

Chairperson - Shri Rakesh Singh

Lok Sabha

2. Shri Idris Ali
3. Shri A. Arunmozhithevan
4. Shri Chandulal Sahu
5. Smt. Jyoti Dhurve
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Kamalbhan Singh Marabi
9. Shri Godam Nagesh
10. Shri Ajay Nishad
11. Smt. Riti Pathak
12. Smt. Ranjeet Ranjan
13. Shri Ravindra Kumar Ray
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh 'Sigriwal'
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

Rajya Sabha

22. Dr. Pradeep Kumar Balmuchu
23. Shri Ranjib Biswal
24. Shri Md. Nadimul Haque
25. Shri Ranvijay Singh Judev
26. Shri Ram Vichar Netam
27. Shri Dilip Kumar Tirkey
28. Shri Alok Tiwari
29. Shri Sanjay Singh*
30. Vacant
31. Vacant

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* Nominated w.e.f. 13.02.2018.

SECRETARIAT

1.	Shri U.B.S. Negi	-	Joint Secretary
2.	Shri Ajay Kumar Garg	-	Director
3.	Shri Arvind Sharma	-	Additional Director
4.	Smt.Vandana P. Guleria	-	Executive Officer

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorized by the Committee to present the Report on their behalf, present this Thirty-Eighth Report (Sixteenth Lok Sabha) on Demands for Grants (2018-19) relating to the Ministry of Steel.

2. The Demands for Grants of the Ministry of Steel were laid on the Table of the House on 07.02.2018. Under rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Standing Committee on Coal and Steel are required to consider the Demands for Grants of Ministries under their jurisdiction and make Report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Steel on 21st February, 2018.

4. The Report was considered and adopted by the Committee at their sitting held on 09.03.2018.

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

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

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

NEW DELHI;
09 March, 2018
18 Phalguna, 1939 (Saka)

RAKESH SINGH
Chairperson,
Standing Committee on Coal and Steel

REPORT

PART-I

CHAPTER I

INTRODUCTORY

In the post-deregulation period, the role of the Ministry of Steel has primarily been that of a facilitator for the Indian steel industry, being responsible for the planning and development of the iron and steel industry, development of essential inputs such as iron ore, limestone, dolomite, manganese ore, chromites, ferro alloys, sponge iron, and other related functions. In its present day role, the Ministry of Steel is extending all possible support for the development of the Iron and Steel Industry in the country, in matters like:

- Facilitating expedited growth of steel capacity investments through active coordination and formulation of right policy directives. An Inter-Ministerial Group (IMG) is functioning in the Ministry of Steel, under the Chairmanship of Secretary (Steel) to monitor and coordinate major steel investments in the country.
- Providing linkage for raw materials, rail movement clearance etc. for new plants and expansion of existing ones.
- Facilitating movement of raw materials other than coal through finalisation of wagon requirements and ensuring an un-interrupted supply of raw materials to the producers.
- Regular interactions with entrepreneurs proposing to set up new ventures, to review the progress of implementation and assess problems faced.
- Identification of infrastructural and related facilities required by the steel industry, and coordination of infrastructure requirement of steel sector with the concerned Ministries/Department.
- Promoting, developing and propagating the proper and effective use of steel and increasing the intensity of steel usage, particularly in the construction sector in rural and semi urban areas, through "Institute for Steel Development and Growth (INSDAG)" in Kolkata.
- Encouraging research and development in the steel sector: In India, substantial R&D in Iron and Steel sector is currently being carried out by the

leading steel companies which have accompanished some significant work in the areas of raw material beneficiation, agglomeration and product development. However, in general, major focus of R&D is limited to day-to-day operations and hence, lacks disruptive innovation. India's R&D investment in steel sector is limited not only in absolute terms but also as percentage of turnover. Steel Ministry is facilitating R&D in the sector through the establishment of steel Research and Technology Mission of India (SRTMI). The initiative is aimed to spearhed R&D of national importance in iron & steel sector, utilizing tripartite synergy amonst industry, national R&D laboratories and academic institutes.

1.2 The following Public Sector Undertakings are under the administrative control of Ministry of Steel:

(a) Steel Authority of India Limited, (SAIL), New Delhi

(b) Rashtriya Ispat Nigam Limited, (RINL), Visakhapatnam

(c) NMDC Limited, Hyderabad

(d) MOIL Ltd.(Formerly Manganese Ore (India) Limited), Nagpur

(e) KIOCL Ltd. (formerly known as Kudremukh Iron Ore Company Limited), Bangalore

(f) MECON (formerly known as Metallurgical & Engineering Consultants (India) Ltd.) Ranchi

(g) MSTC (formerly known as Metal Scrap Trade Corporation Limited), Kolkata

1.3 As regards the trends and development in Steel Sector, the Ministry of Steel in its Annual Report (2017-18) highlighted the following:-

- India is currently the world's 3rd largest producer of crude steel and is expected to become the 2nd largest producer of crude steel in the world soon.
- India is the largest producer of direct reduced iron (DRI) or sponge iron in the world.
- The country is also the 3rd largest consumer of finished steel (83.5 million tonnes in 2016) in the world preceded by China (681.0 million tonnes in 2016) and the USA (91.6 million tonnes in 2016) [source: world steel association].
- Capacity for domestic crude steel production expanded from 97.024 million tonnes per annum (million tonnes) in 2012-13 to 128.277 million tonnes per annum in 2016-17, a CAGR growth of 7% during this five year period.

- Crude steel production grew at 5.71% annually (CAGR) from 78.415 million tonnes in 2012-13 to 97.936 million tonnes in 2016-17.
- During January-December 2017, the country's crude steel production crossed the 100 million tonne (million tonnes) mark for the first time in history, reaching 101.371 million tonnes (provisional; source: JPC), a growth of 6.18% over same period of 2016.

  The steel sector contributes to over 2% of the country's GDP and employs around 25 lakhs employed in steel/allied sectors.
- During April-December 2017-18 (provisional; source: JPC), the following is the industry scenario as compared to same period of last year:

  a. Production of crude steel was at 75.642 million tonnes, a growth of 4.8% compared to same period of last year. SAIL, RINL, TSL, ESSAR, JSWL & JSPL produced 43.534 million tonnes during this period, which was a growth of 6.8% compared to last year. The rest amounting 32.108 million tonnes was the contribution of the Other Producers, which was a growth of 2.1%, compared to last year.

  b. Pig iron production for sale was 6.934 million tonnes (a decline of 0.5% compared to last year), after accounting for own consumption/IPT. The Private Sector accounted for 96% of the same, the rest 4% being the share of the Public Sector.

  c. In case of total finished steel (non-alloy + alloy/stainless):

  - Production for sale stood at 79.049 million tonnes, a growth of 5.3% compared to last year.
  - Exports stood at 7.606 million tonnes, a growth of 52.9% compared to last year.
  - Imports stood at 6.097 million tonnes, a growth of 10.9% compared to last year.
  - India was a net exporter of total finished steel.
  - Consumption stood at 64.867 million tonnes, a growth of 5.2% compared to last year.

1.4 On steel consumption, Secretary, Steel during evidence informed the Committee that as per target fixed, they will achieve 120 kg per capita steel consumption by the year 2020 and by 2030, would reach 160 kg per capita. She further added that it would be very good taking into consideration the population of the country and India will be at second position in the world after China where per capita steel consumption is 289 kg. After amendment to GFR and inclusion of principles of life cycle cost more and more steel structures are coming and tenders for projects like Roads, over bridges, water pipes are going in favour of steel.

1.5 Major Initiatives taken/achievements by the Ministry of Steel during the year as under:-

A. New Steel Policy-2017 (NSP-2017)

- The Steel Policy of 2005 has been revised and notified in 2017. Major objectives of NSP-2017are :-
- Aim to focus on expansion of Micro, Small and Medium Enterprises (MSME) Sector R&D activities.
- Build a globally competitive industry/global presence in value added/high grade steel.
- Availability of raw material at competitive prices.
- World leader in energy efficiency and sustainability.
- Enhanced per capita steel consumption.
- Projected to grow 300 million tonnes by 2030-31.
- Increasing employment generation from the current levels of around 25 lakh to around 36 lakhs.

NSP-2017 will thus help in developing a technologically advanced and globally competitive steel industry that promotes economic growth, eyeing self sufficiency in production, developing globally economical steel manufacturing capabilities by facilitating investments and cost efficient productions with adequate availability of raw material.

B. Domestically Manufactured Iron and Steel Products (DMIS&P) Policy

- To promote domestic production of iron and steel DMIS&P has been notified in 2017. The key features of the policy are :-
- To accomplish vision of Government (Make in India) with the objective to encourage domestic manufacturing.
- Infrastructure development.

- Preference to Domestically manufactured Iron and Steel Products in Government Procurements.
- Mandates minimum 15% domestic value addition for domestic producers under the policy.
- Applicable on all Government tenders where aggregated estimate of iron & steel products exceed INR 50 crore.

C. GFR Amendment

- "Principles of Life Cycle Cost has been included in the Rule 136(1) (iii) of the new General Financial Rules (GFR) 2017".
- The use of steel has a major bearing on the life of the project which in long run is going to reduce the Life Cycle Cost.
- In many projects of the Government of India and the State Governments like Roads, Bridges Projects, the principle of Life Cycle Cost is going to play a decisive role while sanctioning the detailed design of the project.

D. Targeted Interventions

- Imposition of various trade remedial measures such as imposition of Minimum Import Price (MIP), Anti-dumping duties (124 out of 173 tariff lines initially notified as MIP, are covered under anti-dumping duties), in addition to the safeguard duties on Hot Rolled Coils and Plates.
- Rationalization of import duty on raw materials.

  Quality control order and imposition of quality standards (BIS on 37 steel products). Additional certification of 17 steel categories is under progress.

E. Ongoing Interventions

- Availability of input raw materials - iron ore, coking coal and natural gas.
- Rationalize logistics costs - slurry pipeline, freight classification, etc.
- Enhanced focus on market development and increased demand for steel.
- Replace import of finished goods and strong focus on R&D.

- Focus on expansion by small steel producers.

1.6 The Detailed Demands for Grants (2018-19) of the Ministry of Steel were presented to the Lok Sabha on 07.02.2018. Various points arising out of the scrutiny of Demands for Grants(2018-19) and performance of the Ministry and PSUs are discussed in the subsequent chapters.

CHAPTER II

ANALYSIS OF DEMANDS FOR GRANTS

For the year 2018-2019, Demand No. 93 was presented to the Parliament by Ministry of Finance on behalf of the Ministry of Steel during the Budget Session. The Demand includes provisions for Revenue/Capital expenditure for the Ministry and expenditure of the Public Sector Undertakings (PSUs) under its administrative control.

TOTAL REQUIREMENT OF FUNDS FOR 2018-19

2.2 Ministry had raised a demand of Rs. 98.57 crore in BE 2018-19, which included Rs. 35 crore for scheme and Rs. 63.57 crore for non-scheme. Against this demand, Ministry of Finance approved a total ceiling of Rs. 47.90 crore including Rs. 15 crore for scheme and Rs. 32.90 crore for non-scheme. The total financial requirements covered in Demand No. 93 for BE 2018-19, are summarized in the following Table:-

(Rs. in crore)

Demand No. 93 for 2018-2019	BE 2018-19		
	Scheme	**Non-Scheme**	**Total**
REVENUE SECTION	15.00	32.90	***47.90***
CAPITAL SECTION	0.00	0.00	***0.00***
Total (Gross)	**15.00**	**32.90**	***47.90***

Outlay/Budget of the Ministry for 2018-19 is as under:

1	**Scheme for Promotion of R&D in Iron & Steel sector (Central Sector Scheme)**		
		Proposed by Ministry of Steel	**Approved by Ministry of Finance**
a.	Scheme for promotion of R&D in Iron & Steel sector	15.00	15.00
b.	Swachhta Action Plan	20.00	0.00
	TOTAL - 1	***35.00***	***15.00***
2.	**Non-scheme***		
	TOTAL - 2	***63.57***	***32.90***
	GRAND TOTAL – 1+2	***98.57***	***47.90***

NON-SCHEME EXPENDITURE

2.3 From the Budget 2017-18, Government of India has done away with the practice of Plan and Non-Plan provisions. The provisions will be under Revenue and Capital Sections (Scheme and non-scheme) only. The provision of Ministry of Steel, including Secretariat Proper, Development Commissioner for Iron & Steel (DCI&S), Kolkata and PSUs in 2016-17(BE & RE); 2017-18 (BE & RE); and requirement of fund in 2018-19 (BE) are given in the following table :-

(Rs. in crore)

No.	Major Head & Item of Expenditure	BE 2016-17	RE 2016-17	% age increase/ decrease in RE over BE 2016-17	BE 2017-18	% age increase/ Decrease in BE-2017-18 over BE 2016-17	RE 2017-18	%age increase/ decrease in RE 2017-18 over BE 2017-18	BE 2018-19	% age increase/ decrease over BE 2017-18
I.	MH – 3451									
1.	Secretariat - Economic Services	26.06	24.54	*-5.8%*	28.49	*9.32%*	29.49	*3.5%*	31.83	*11.72%*
II.	MH – 2852									
2.	Development Commissioner for Iron & Steel, Kolkata	0.25	0.21	*-16%*	0.29	*16.00%*	0.29	*0.00%*	0.30	*3.4%*
3.	Awards to Distinguished Metallurgists.	0.26	0.26	*0.00%*	0.26	*0.00%*	0.26	*0.00%*	0.26	*0.00%*
4.	Membership/Observer Status in Steel committee of OECD and GFEC	-	--	--	--	--	--	--	0.41	--
5.	Advertisement and Publicity (IEC)**	--	--	--	0.10	--	0.10	*0.00%*	0.10	*0.00%*
6.	Interest Subsidy :									
(i)	Subsidy to Hindustan Steelworks Construction Ltd. (HSCL) for payment of interest on loans raised from Banks for implementation of VRS	44.05	88.10	*100%*	0.00	*-100.00%*	0.00	*0.00%*	0.00	*0.00%*
7.	Financial Restructuring of HSCL	0.00	310.00 *	*310.00%*	0.00	*0.00%*	0.00	--		*0.00%*
	Total : Non- Scheme Expenditure(Gross)	**70.62**	**423.11**	**499.13%**	**29.14**	**-58.74%**	**30.14**	**3.4%**	**32.90**	**12.90%**

*Rs. 200 crore were for outright support and Rs. 110 crore for VRS liabilities of HSCL as Grant in RE 2016-17.

** A token provision of Rs. 10 lakh has been made for Information, Education and Communication (IEC) to fund programme/media coverage for spreading awareness of usage and advantages of Steel in various sectors of economy for the financial year 2017-18 and in BE 2018-19 as well.

As against Non-Scheme provision of Rs. 29.14 crore in BE 2017-18, a provision of Rs. 32.90 crore has been made in BE 2018-19.

R&D SCHEME

2.4 Based on the recommendation of the Working Group on Steel Industry for 11^{th} Plan (2007-12), a new scheme i.e. 'Scheme for Promotion of R&D in Iron and Steel Sector was included in the 11^{th} Five Year Plan with an outlay of Rs. 118.00 crore. The objective of the scheme is to promote and accelerate R&D activities in development of innovative/path breaking technologies utilizing Indian iron ore fines and non-coking coal, improvement of quality of steel produced through induction furnace route and beneficiation of raw materials like iron ore, coal etc. and agglomeration (e.g. pelletization). The Scheme was approved on 23.01.2009 for implementation from Financial Year 2009-10 (w.e.f. 01.04.2009). The Scheme has been continued in the 12^{th} Five Year Plan. In 12^{th} Five Year Plan a provision of Rs. 200.00 crore has been made for the R&D Scheme. In BE 2017-18 a provision of Rs. 15.00 crore has been kept for the scheme of the Ministry. The Standing Finance Committee (SFC) of the Ministry has further approved continuation of the R&D Scheme for the remaining period of 14^{th} Finance Commission i.e. till 2019-20 with budgetary provision of Rs. 200 crore.

EXPENDITURE ON THE SCHEME

2.5 The year wise fund allocation and the amount released under the scheme during 12^{th} five year Plan is given below:

(Rs. in crore)

Period	BE	RE	Actual	Remarks
2012-13	46.00	26.49	24.90	Utilization is 94% of RE
2013-14	46.00	8.00	8.00	Utilization is 100% of RE
2014-15	20.00	7.00	2.03	Utilization is 29.00% of RE
2015-16	15.00	15.00	10.26	Utilization is 68.40% of RE
2016-17	15.00	15.00	15.00	Utilization is 100% of RE
Total	**142.00**	**71.49**	**60.19**	Utilization is 78.28% of RE

2.6 The Ministry in a written reply have informed the Committee that Rs. 14 crore was allocated under the scheme in RE 2017-18, which have been fully utilized upto December, 2017.

Details of fund released in R&D projects are given below:

Sl. No.	R&D Project	Grant released(in Rs. lakhs)
1	Development of Cost Effective Refractory Lining Materials for Induction Melting Furnace suitable for production of Quality Steel by Central Glass and Ceramic Research Institute (CSIR-CGCRI) Kolkata	33.00
2	Indigenous Development of Model based Breakout Prediction System (BOPS) for Continuous Casters by Research & Development Centre for Iron & Steel (RDCIS) SAIL Ranchi	133.23
3	Development of a cost effective green technology for Pre Reduction of Chromite Ore in Tunnel Kiln and Production of High Carbon Ferro Chrome in SAF by National Institute of Secondary Steel Technology (NISST) Mandigobindgarh	161.00
4	A Novel Approach of Making Green Belite Cement from Electric Arc Furnace Steel Making Slag by IIT Kharagpur	111.48
5	Amorphous Electrical Steel (AES) for Energy Application submitted by National Metallurgical Laboratory (CSIR-NML) Jamshedpur	847.47
6	3 R&D projects under the Impacting Research Innovation and Technology (IMPRINT) Scheme of Ministry of Human Resource Development	113.82

2.7 On being asked about the major achievements under the R&D scheme during the last 3 years, the Ministry in a written reply informed the Committee as under:-

"Major Achievements in the last 3 years (2015-16, 2016-17, 2017-18) are listed below:

Sl. No	R&D Project	Achievements
1	Smelting reduction of iron ore/fines by hydrogen plasma and elimination of CO2 emission: by Institute of Minerals & Materials Technology (CSIR-IMMT) Bhubaneswar	• Very futuristic technology demonstration project. • Feasibility of smelting reduction of iron ore/fines using hydrogen plasma has been explored in laboratory/ pilot scale
2	Production of low Phosphorus steel through Induction Furnace route using DRI as major ferruginous raw material – An Industrial Assessment: by National Metallurgical Laboratory (CSIR-NML) Jamshedpur	• Process has been developed in laboratory scale for production of low Phosphorus steel in laboratory scale Induction Furnace using DRI. • Industrial Trials have been conducted showing encouraging results. • CSIR-NML has been requested for commecialisation of the process in association with the industry association.

3	Production of highly metallised Directly Reduced Iron from mill scale & lean grade coal in Tunnel Kiln: by National Metallurgical Laboratory (CSIR-NML) Jamshedpur	• Project scheduled to be completed in March 2018 and is nearing completion. • Process for production of DRI using mill scale & lean grade coal has been developed in laboratory/ pilot scale. Process paremeters were fine tuned in commercial tunnel kiln and highly metalized DRI has been produced. • Patent filling is in progress.
4	Development of Cost Effective Refractory Lining Materials for Induction Melting Furnace suitable for production of Quality Steel: by Central Glass and Ceramic Research Institute (CSIR-CGCRI) Kolkata	• Project scheduled to be completed in March 2018 and is nearing completion. • New tyoe of refractory ramming mass has been developed and trial heats conducted in lab scale induction furnace with encouraging results. • Further trials are being conducted.

In addition to the above, 14 R&D projects, which have been initiated during the last 3 years, are in progress."

R&D BY STEEL PSUS

2.8 The Committee have been informed that Steel PSUs are carrying out R&D activities with thrust on cost reduction, value addition, quality improvement, development of new products, etc.

The R&D expenditure by Steel PSUs:

SAIL

(Rs. in crore)

Year	Turnover	Expenditure			
		Capital	Revenue	Total	% of Turnover
2014-15	50627	32.14	232.06	264.20	0.52
2015-16	43337	50.78	226.22	277.00	0.64
2016-17 (Apr-Dec)	49180	77.83	261.60	339.43	0.69

RINL

(Rs. in crore)

Year	Actual Expenditure	% of Turnover
2014-15	33.09	0.28
2015-16	21.74	0.18
2016-17	23.52	0.18
2017-18 till Dec., 2017	7.14*	0.06*

***Provisional**

NMDC Ltd.

(Rs. in crore)

Year	Turnover	Expenditure			
		Capital	Revenue	Total	% of Turnover
2014-15	12356.41	1.33	17.16	18.49	0.15
2015-16	6457.27	0.85	16.79	17.64	0.27
2016-17	8829.64	1.46	18.84	20.30	0.23
2017-18 till Dec., 17	7650.00 (Provisional)	5.03	13.57	18.60	0.24

MECON Ltd.

Rs. in crore)

Year	Turnover	Expenditure	% of Turnover
2015-16	317.28	2.96	0.93
2016-17	342.93	1.83	0.53
2017-18 up to Dec., 2017	237.40*	1.23*	0.52*

*** Provisional**

MOIL

(Rs. in crore)

Year	Expenditure	% of Turnover
2014-15	6.00	0.72
2015-16	7.33	1.16
2016-17	4.68	0.47
2017-18(Apr.-Dec., 2017)	6.99	0.75

KIOCL Ltd.

(Rs. in Crores)

Year	Turnover	Expenditure	% of Turnover
2014-15	628.84	0.26	0.04
2015-16	205.57	0.17	0.08
2016-17	929.36	-	-
2017-18 (April to December, 2017)	1206.68	-	-

STEEL RESEARCH AND TECHNOLOGY MISSION OF INDIA (SRTMI)

2.9 Ministry of Steel has taken full cognizance of the technological scenario in Indian Steel Industry and has initiated a fresh move for preparation of a comprehensive blue print for promotion of R&D in Iron & Steel Sector in India. To bring in all the stake-holders into one platform and promote steel research on themes of critical and vital national importance, an institutional platform called "Steel Research and Technology Mission of India" has been established with an objective to spearhead R&D of national importance in iron & steel, creating state-of-art facilities to conduct cutting-edge research, develop expertise & skill development, manage human resources and bolster a tripartite synergy amongst industry, national R&D laboratories and academic institutes. In order to boost innovation in the steel sector (future technologies), a time bound action plan will be evolved under the aegis of SRTMI to enhance the R&D expenditure of Indian steel CPSEs. The Ministry through SRTMI will also encourage corporates in steel sector, private and public sector alike, to direct certain sums from their profits towards continuous industry collaborative research. Apart, they would also be encouraged to set up their own steel technology centres and steel sector oriented research and education wings at universities in order to focus on technology based solutions for development of high quality, low cost steel products and to build greater interface between academia, R&D institutions and industry. Besides undertaking specific R&D projects, SRTMI will also endeavour to develop necessary expertise and skill for human resource development as well as to support Information Education and Communication (IEC) needs in steel sector for its long term and its sustenance. By constitution, SRTMI is an Industry driven initiative wherein, Ministry of Steel is a facilitator as one of its member. SRTMI is to be governed and administered by a Governing body comprising the steel CEO's, domain experts and a representative of Ministry of Steel. The executive functioning of SRTMI is to be carried out by a full time Director who will be assisted by a suitable/appropriate supporting structure.

CHAPTER-III

PLAN INVESTMENT AND PERFORMANCE OF PSUs

The Physical and Financial Targets of PSUs under the administrative control of Ministry of Steel during 2017-18 and 2018-19 are as under:-

PHYSICAL TARGETS

3.2 The physical targets for 2017-18 (RE) and 2018-19 (BE) in respect of the PSUs under the Ministry of Steel are given in Table below:

No.	Name of PSU	Physical Parameters	(RE) 2017-18 Target	(BE) 2018-19 Target
1.	SAIL	i) Hot Metal *(in million tonnes)*	16.42	17.80
		ii) Crude Steel *(in million tonnes)*	15.61	16.68
		iii) Saleable Steel *(in million tonnes)*	14.65	15.61
		iv) Pig Iron *(in million tonnes)*	0.20	0.28
		v) Saleable Production *(in million tonnes)*	14.85	15.89
2.	RINL@	(i) Hot Metal *(in '000 tonnes)*	5200	6400
		(ii) Crude Steel (*in '000 tonnes*)	4737	5985
		(iii) Saleable Steel (*in '000 tonnes*)	4500	5700
		(iv) Pig Iron (*in '000 tonnes*)	150	59
3.	NMDC	Production		
		(i) Iron Ore *(in Lakh Tonnes)*	345.00	345.00
		(ii) Diamonds (Carats)	30000	28500
		(iii) Pellets *(in Lakh Tonnes)*	1.80	3.50
		Sales		
		(i) Iron Ore *(in Lakh Tonnes)*	355.00	355.00
		(ii) Diamonds (Carats)	35000	36000
		(iii) Pellets *(in Lakh Tonnes)*	1.80	3.50
4.	KIOCL	(i) Production (in MT)	2000000	2000000
		(ii) Despatches (in MT)	2000000	2000000
5.	MOIL	Production (*in Metric Tonnes)*		
		i) Manganese Ore	1200000	1325000
		ii) Electrolytic Manganese Dioxide	1000	1000
		iii) Ferro Manganese	10000	10000
6.	MSTC	(i) e-Commerce *(Rs. in crore)*	60000.00	72000.00
		(ii) Trading *(Rs. in crore)*	7000.00	8400.00
7.	*FSNL	(i) Scrap *(in Lakh Metric Tonne)*	27.46	27.43
		(ii) Slag *(in Lakh Metric Tonne)*	91.13	92.27
8.	MECON	Business procurement *(value in Rs. crore)*	1200.00	**Not yet Finalized**

9.	*Bird Group	Production		
	OMDC	***Nil***	20.00	**Not yet Finalized**
	BSLC	Production (i) Limestone *(in MT)* (ii) Dolomite *(in MT)* *Dispatch* (i) Limestone *(in MT)* (ii) Dolomite *(in MT)*	 -- 768000.00 -- 768000.00	 -- 768000.00 -- 768000.00

* FSNL is a subsidiary of MSTC Ltd. Bird Group of Companies are subsidiary of RINL.
@ Based on the Draft MoU 2018-19

FINANCIAL TARGETS

3.3 Asked about the details of PSU-wise plan outlays/IEBR for Annual Plan, 2017-18 (BE, RE & Actual) Annual Plan 2018-19 (BE, the Committee were apprised as under:

(Rs. in crore)

Name of the PSU/ Organisation	BE 2017-18		RE 2017-18		Actual Expenditure 2017-18 (upto Dec'17)			BE 2018-19	
	IEBR	B.S.	IEBR	B.S.	IEBR	B.S.	Total	IEBR	B.S.
Schemes of PSUs									
SAIL	3500.00	0.00	4200.00	0.00	3724.00	0.00	3724.00	4000.00	0.00
RINL*	1891.65	0.00	1570.00	0.00	1064.79	0.00	1064.79	1400.00	0.00
HSCL@	40.00	0.00	0.00	0.00	--	--	--	--	0.00
MECON Ltd.	5.00	0.00	5.000	0.00	1.55	0.00	1.55	5.00	0.00
MSTC Ltd.	32.79	0.00	33.03	0.00	15.12	0.00	15.12	49.37	0.00
FSNL**	34.62	0.00	27.63	0.00	9.61		9.61	23.17	0.00
NMDC Ltd.	5174.00	0.00	3324.00	0.00	1313.00	0.00	1246.00	3778.00	0.00
KIOCL Ltd.	1800.00	0.00	2024.09	0.00	1.49	0.00	1.49	1782.44	0.00
MOIL Ltd.	159.65	0.00	272.16	0.00	112.11	0.00	112.11	278.86	0.00
TOTAL - A	**12637.71**	**0.00**	**11455.91**	**0.00**	***6174.67***	***0.00***	***6174.67***	**11316.84**	**0.00**

*OMDC Ltd. and BSLC Ltd. were constituents of erstwhile Bird Group of Companies, which have become subsidiary PSUs of RINL and their figures have been clubbed with RINL.

** FSNL is a subsidiary of MSTC Ltd.

@ HSCL has been taken over by NBCC.

3.4 The total IEBR of the PSUs under the Ministry of Steel is given in the table below:-

(Rs. in crore)

No.	Name of the PSU	BE 2018-19 (Proposed by M/o Steel)			BE 2018-19 Approved by the M/o Finance)		
		IEBR	**Budgetary Support**	**Total**	**IEBR**	**Budgetary Support**	**Total**
1	SAIL	4000.00	0.00	4000.00	4000.00	0.00	4000.00
2	RINL#	1400.00	0.00	1400.00	1400.00	0.00	1400.00
3	NMDC Ltd.	3778.00	0.00	3778.00	3778.00	0.00	3778.00
4	KIOCL Ltd.	1782.44	0.00	1782.44	1782.44	0.00	1782.44
5	MOIL Ltd.	278.86	0.00	278.86	278.86	0.00	278.86
6	MECON Ltd.	5.00	0.00	5.00	5.00	0.00	5.00
7	MSTC Ltd.	49.37	0.00	49.37	49.37	0.00	49.37
8	FSNL$	23.17	0.00	23.17	23.17	0.00	23.17
	TOTAL	**11316.84**	**0.00**	**11316.84**	**11316.84**	**0.00**	**11316.84**

#OMDC Ltd. and BSLC Ltd. were constituents of erstwhile Bird Group of Companies, which have become subsidiary PSUs of RINL and their figures have been clubbed with RINL. (BE 20118-19: RINL – 1400.00 + BGC – 0.00 = 1400.00).

$FSNL is a subsidiary of MSTC Ltd.

3.5 Brief description of the PSU-wise outlays provided in BE 2018-19 for various schemes of the PSUs are given below:-

(i) SAIL has earmarked an amount of *Rs. 4000.00 crore* for Modernization and Expansion, various ongoing and new schemes/ projects, AMR schemes and contribution to joint venture companies.

(ii) Outlay of *Rs. 1400.00 crore* has been provided for Rashtriya Ispat Nigam Ltd. Major portion is earmarked for expansion / up-gradation of RINL's production capacity. Balance outlay is for AMR schemes. RINL's outlay includes the outlay of subsidiary PSUs viz., OMDC Ltd., which is a constituent of erstwhile Bird Group of Companies.

(iii) Outlay of *Rs. 3778.00 crore*, has been provided for NMDC Ltd. (Rs. 3185 crore towards Capex and Rs. 593 crore towards Investments) which is earmarked for major schemes like 3 MTPA Steel Plant at Nagarnar in Chattisgarh, Capacity expansion and mine development activities at Kirandul, Bacheli, Donimalai, AMR/Township, R&D and Investment in Subsidiaries, Joint Ventures and Associates and payment to Railways for doubling of KK lines.

(iv) KIOCL has allocated an outlay of Rs. 338.00 crore, out of its IEBR of *Rs. 1782.44 crore*,for (i) Development of Devadari Iron Ore Mines including setting up 4 MTPA Beneficiation Plant and 2 MTPA Pellet Plant. (ii) Forward and Backward Integration project such as Coke Oven Plant, DISP etc. (iii)

Modernisation of existing Pellet plant at Mangalore (iv) Setting of 5 MW Solar Power Plant.

(v) Out of its IEBR of Rs. 278.86 crore, MOIL has allocated plan outlay of Rs. 190.49 crores, for FY 2018-19 towards sinking/deepening of vertical shafts at Balaghat, Chikla, Kandri, Ukwa, Munsar and Gumgaon mine, development of new areas and acquisition of land, forest and environment clearance including prospecting and exploration, solar power projects and AMR schemes, township, R&D/feasibility studies, etc. Entire outlay will be met from IEBR of the company.

(vi) Outlay of *Rs. 5.00 crore* has been provided for MECON Ltd. for expansion, modification & augmentation of office space/guest house at various locations.

(vii) MSTC has earmarked an outlay of Rs. 9.40 crores, out of its IEBR Rs. 49.37 crore, for setting up of Shredding Plant.

(viii) FSNL has allocated an outlay of Rs. 12.00 cores, out of its IEBR Rs. 23.17 crore, on account of addition/modification/replacement of equipment.

A. STEEL AUTHORITY OF INDIA LTD. (SAIL)

3.6 The Authorized Capital of SAIL is Rs. 5000.00 crore. The total equity of the company is Rs. 4130.53 crore as on 31.03.2017 of which 75% i.e. Rs 3097.77 crore is held by the Government of India and the balance 25% by the financial institutions, GDR holders, banks, employees, etc.

PHYSICAL PERFORMANCE *(in million tonnes)*

No	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (upto Nov. 2017)	BE
(i)	Hot Metal	15.72	15.73	17.17	16.42	10.41	17.80
(ii)	Crude Steel	14.28	14.50	16.03	15.61	9.78	16.68
(iii)	Saleable Steel	12.38	13.87	14.97	14.65	9.28	15.61
(iv)	Pig Iron	0.64	0.50	0.33	0.20	0.17	0.28

FINANCIAL PERFORMANCE *(Rs. in crore)*

No	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (upto Sep. 2017)	BE
(i)	Income	43934	50182.00	64155	55284	26486	57409
(ii)	Operating Cost	46986	49510.00	62205	52109	25518	52919
(iii)	Gross Margin	-3052	672.00	1950	3174	968	4491

(iv)	Profit (Loss) before Tax	-7198	-4851.00	-4211	-3480	-2028	-2056
(v)	Profit (Loss) after Tax	-4137	-2833.	-4211	-2301	-1340	-1359
(vi)	Dividend proposed*	0	0	0	0	0	0
	of which:						
	Dividend paid/proposed to the Govt. of India	77.45	0	0	0	0	0

* Excluding dividend tax.

3.7 Production and Capacity utilization for crude steel production at SAIL plants during last three years and the first 9 months of the current year (2017-18) is as follows:

Details	2014-15	2015-16	2016-17	2017-18 (upto Dec., 2017)
Capacity(MT)	12.8	16.8	16.8	12.7
Actual Production (MT)	13.9	14.3	14.5	11.0
Capacity Utilization (%)	107	85*	86*	87*

*Considering the capacity of the facilities started under modernization and expansion plan, which are under stabilization.

3.8 On being asked about the Plant-wise Plan Outlay for SAIL during last 3 years, the Ministry of Steel in a written reply apprised the Committee as under:-

(Rs. in crore)

Name of the Plant	Plan Outlay (2015-16)	Actual Utilisation (2015-16)	Plan Outlay (2016-17)	Actual Utilisation (2016-17)	Plan Outlay (2017-18) BE	Actual Utilisation (2017-18)Upto Jan 18
BSP	1760	1918	1375	1863	1260	1289
DSP	629	577	300	330	200	162
RSP	1640	1277	850	1019	700	1643
BSL	670	723	600	836	530	738
ISP	940	973	562	583	425	162
ASP	10	3	5	2.19	5	0.34
SSP	50	44	30	28	20	4
VISP	21	22	8	8	10	1
RMD	330	210	161	157	260	79
CU*	400	253	89	95	70	56
CFP	50	34	20	17	20	6
Total	6500	6034	4000	4939	3500	4141

*CU – Central units incl. JV

3.9 On being asked to furnish brief particulars of major on-going projects SAIL, the Ministry of Steel apprised the Committee as under:-

Steel Authority of India Limited (SAIL)							
Major Project/Scheme	**Cost(Rs. in Crore)**			**Time**			**Reasons for cost and time overrun, if any**
	Original	**Present**	**Over run, if any**	**Original**	**Now anticipated**	**Overrun, if any, Months**	
Expansion of Bhilai Steel Plant * subject to fulfilment of commitments by M/s HEC & M/s EPI.	17,265	17,265	Nil	Mar'13	Feb'18*	59	Poor performance of PSU Contractors like Heavy Engg. Corporation (HEC), EPI etc. All earlier commitments made by these two PSU entities from time-to-time have failed and could not be achieved. The performance of these contractors continues to be sub-optimal and may have further impact on the scheduled completion of Modernisation& Expansion of BSP. • Non-completion of cranes by M/s HEC is affecting the erection and completion of SMS-III. • Slow performance by M/s EPI is affecting the packages like Ore Handling Plant (Part-B) and Fuel & Flux Crushing & Screening Facilities which are essential for raw material supply to BF -8 and SMS-III. • Further, For Water Supply Systems,

							fresh contracts were awarded to alternate agencies due to poor performance of original contractors. The issues related to the poor performance of M/s HEC and M/s EPIL are being discussed at all levels including Ministry of Steel, Ministry of Heavy Industries, Project Management Group (PMG) of Cabinet Secretariat and Pro-Active Governance and Timely Implementation (PRAGATI) of PMO for expediting the project.
Development of permanent Barracks at 21 locations at Rowghat Deposit # Linked to hand over of clear site by State Government – Completion in 6 months from date of handing over of clear site in last location.	188.93	188.93	Nil	Apr’15	#	-	Delay in handing over of clear sites at all the locations by the State Government.
New Hot Strip Mill at	3127.30	3127.30	Nil	Apr’18	Feb’19	10	As directed by State Pollution Control Board, Odisha, site work was

RSP							suspended from 16.05.16 to 15.12.16 due to non-availability of requisite Environmental Clearance from MoEF&CC. This suspension of work has affected the completion schedule.
Alternate Gas network at BSL	255.19	255.19	Nil	Mar’18	Mar’18	-	
New Sinter Plant at BSL	1034.01	1034.01	Nil	Oct’17	Dec’18	14	Progress of work at the site has been affected due to slow submission of design & engineering drawings by the contractors due to lack of coordination amongst the consortium partners. Engineering notices have also been served to the consortium for poor progress.
Modernisation of Steel Melting Shop No.1 at BSL	1154.18	1154.18	Nil	Dec’17	Jun’18 (BOF Converter)	6	The site activities have been affected due to brownfield nature of jobs which include rerouting of High Tension/ Low Tension (HT/LT) cables, pipelines and Railway tracks in an operating plant. Hence, dismantling of the BOF Converter could be started only after the shutdown was given in Oct’15.
Rebuilding of Coke Oven Battery No.8 at BSL	262.87	262.87	Nil	Jun’19	Jun’19	Nil	-

Expansion of Gua Ore Mines with Beneficiation facilities and Installation of Pellet Plant	4749	4749	Nil	Sep'17 (Overall Contract period extended till Apr'18)	Subject to Stage-II Forest Clearance of Mining lease area (40 months after receipt of Stage-II FC)	-	• Non availability of Stage-II Forest Clearance for 361.295 Ha land under Mining Lease area. Major facilities related to Mine expansion including Crushing Plant, Downhill Conveyors, Primary Stock Piles, Tailing Pond, etc., are to come up in this portion of Forest land. • Relocation of Authorised / Un-authorised occupants from Project site. • Matter is being followed up at the level of PMG, PMO, MoS, MoEF&CC for grant of Stage II Forest Clearance.

3.10 On the progress of work done during last 3 years(2014-15 to 2016-17), the Ministry of Steel apprised the Committee that the actual expenditure of SAIL was Rs. 17813 crore which was mainly towards Modernisation & Expansion Plan of SAIL including final contractual payments for completed facilities. The utilisation for the year 2014-15 and 2015-16 was affected by poor performance of contracting agencies including Public Sector Unit (PSU) contractors even after support by Steel Authority of India Limited (SAIL) in the form of interim advances on revolving credit basis, direct payments to sub-contractors, steel on credit basis etc. Further, the expenditure envisaged towards some major on-going projects such as Expansion of Gua Iron Ore Mines and New Hot Strip Mill at Rourkela Steel Plant were affected due to non-availability of statutory clearances. Keeping the present financial position of the Company in view, the emphasis has been given on consolidation of existing facilities rather than going for new capital schemes.

3.11 On being asked about details of the new projects/schemes targeted and implemented (wherever applicable) during the last 3 years and the reasons for delay in implementation along with time and cost overrun, the Ministry of Steel in a written reply apprised the Committee as under:-

> "Major projects targeted and implemented during last three years have been the SAIL's Modernisation & Expansion programme which has been carried out simultaneously at all the five major Plants viz. Bhilai, Bokaro, Rourkela, Durgapur &Burnpur and Special Steel Plant at Salem.
>
> **Reasons of Time overruns**: As detailed above, the implementation of Modernization and Expansion Plan has been affected mainly due to:
>
> - Unforeseen soil conditions encountered during execution
> - Under estimation of quantities by the consultant
> - Logistic problems due to brownfield nature of project
> - Inadequate mobilization of resources by the contracting agencies including PSU contractors.
>
> **Reasons of Cost Overrun**: There has been cost overrun in IISCO Steel Plant (ISP) expansion (Rs 1965 crore) where the cost estimate has been revised to Rs.16,408 crore against the earlier cost of Rs.14,443 crore (13.6% increase). The main reason for cost overrun at ISP is increase in civil & structural work for Basic Oxygen Furnace (BOF), Continuous Casting Plant (CCP) & Rolling Mills packages, proportionate increase in Interest during Construction (IDC) & Expenditure during Construction (EDC) and provision."

3.12 When asked to furnish the action plan of SAIL to fully utilize the IEBR component of Rs. 4000 crore during 2018-19, the Ministry in its written reply informed the Committee as under:-

> "Major portion of this outlay is towards likely payments for Modernization & Expansion Plan of SAIL Plants / Units for post completion contractual liability against demonstration of Commissioning, Performance Guarantee (PG) and Final Acceptance by the Vendors /Suppliers. Also, likely expenditure towards major on-going projects viz. New Hot Strip Mill at Rourkela, Modernisation of Steel Melting Shop-I and New Sinter Plant at Bokaro etc. have been considered.
>
> In view of the present financial position of the Company, the emphasis is being given on consolidation of existing facilities rather than going for new Capital Schemes while formulating RE for the current financial year as well as BE for 2018-19."

B. RASHTRIYA ISPAT NIGAM LIMITED (RINL)

3.13 The company's capital structure as on 31st March, 2017 comprises of Rs*. 4889.85* crore of Equity Capital and entire shares are held by the Govt. of India.

PHYSICAL PERFORMANCE

(in 'Million tonnes)

No	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (upto Dec 2017)	BE @
(i)	Hot Metal	3.975	4.386	5.600	5.200	3.651	6.400
(ii)	Crude Steel	3.641	3.962	5.059	4.737	3.371	5.985
(iii)	Saleable Steel	3.513	3.847	4.800	4.500	3.187	5.700
(iv)	Pig Iron	0.116	0.150	0.196	0.150	0.075	0.059

@ Based on the Draft MoU 2018-19

FINANCIAL PERFORMANCE *(Rs. in crore)*

No	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)		BE	RE	Actual (upto Dec 2017#)	BE @
(i)	Income	10480.58	12679.03	16081.13	14383.38	9850.32	20380.02
(ii)	Operating Cost	11271.07	12942.92	16010.98	14451.95	9902.50	20296.53
(iii)	Gross Margin	-790.49	-263.89	70.15	-68.57	-52.18	83.49
(iv)	Profit (Loss) before Tax	-1417.23	-1690.49	-1435.48	-1881.96	-1321.01	-2206.41
(v)	Profit (Loss) after Tax	-1420.64	-1263.16	-1435.48	-1344.54	-978.58	-2206.41
(vi)	Dividend paid	0.00	0.00	0.00	0.00	0.00	0.00

 # Provisional & as per approved Monthly Working Result upto the Month of Decmber'2017

@Based on the Draft MoU 2018-19 submitted to DPE.

RINL has fulfilled the annual CAPEX targets during the last three years as given below:

CAPEX performance (IEBR): (in Rs./Cr)

Year	Plan	Achievement
2014-15	1535	1623
2015-16	1402	1492
2016-17	1350	1406
2017-18	1550	Spent Rs.1231 crupto Jan'18.

3.14 Asked about the various projects at Vizag Steel Plant of RINL that have been targeted and completed during the last three years, the Committee were apprised as under:

Expansion to 6.3 MTPA

Under the expansion of RINL liquid steel capacity from 3 to 6.3 MTPA, all major facilities including Raw Material Handling Plant, Blast Furnace-3,Sinter

Plant-3,SMS-2, Converter-2 & 1, Caster-1, 2 & 3, Ladle Furnaces-1 & 2, Wire Rod Mill-2, Special Bar Mill, Structural Mill have been completed and the project was commissioned in Apr'15. The project was affected mainly due to slow progress of work by the contracting agencies and Hud-Hud Cyclone.

Other projects that have been completed during last 3 years are as follows:

Unit	Commissioned in
Augmentation of Iron Storage Yard	July'15.
Captive Power Plant-2	July'15.
Air Separation Plant-5	Aug'15.
3rd Converter(SMS-2)	Nov'16
5MW Solar Power Plant	Dec'16
Revamping of Converters-A&C in SMS-1	Mar'16 and Oct'16
Blast Furnace-2 Category-1 Capital Repairs	Oct'17
Turbo Blower -5	Nov'17
4th Caster(SMS-2)	Dec'17

3.15 On being asked to furnish brief particulars of major on-going projects of RINL, the Ministry of Steel apprised the Committee as under:-

Rashtriyalspat Nigam Limited(RINL)							
Major Project/Scheme	**Cost(Rs. in Crore)**			**Time**			**Reasons for cost and time overrun, if any**
	Original	**Present**	**Over run, if any**	**Original**	**Now anticipated**	**Overrun, if any, Months**	
Revamping of Sinter Machines-1&2	343	488.40	145.4	Oct'16	Mar'19	29 months	• Lot of existing facilities were to be rerouted /relocated to facilitate piling and this resulted in delay. • Delay in submission of feedback data by SMS Concast and clearance of drawings by MECON. • Delay in completion of Civil & Structural works by M/s B&R. • Equipment Erection work could not start

							as the civil fronts are not yet ready. • Construction civil works is very slow for the balance civil works by M/s Bridge & Roof. • Supply of indigenous equipments by M/s SPCPL. • Slow pace of commissioning activities like pickling, pressure testing, flushing, trial and testing activities. • Delay in deployment of foreign experts by M/s SMS Concast GmbH.
Coke Oven Battery-5	2858	2500	Nil	Dec’17	Oct’18	10 months	• Delay in completion of engineering for Battery-5 and CDCP package by M/s BEC. • Low mobilization of manpower and materials by M/s TPL and BEC • Delay in engineering and manufacturing of Wagon Tippler by HEC. • Delay in ordering of Coal Chemical Plant. • Delay in handing over of front by VSP in water system to agencies. As the area envisaged for water system was covered with BF slag. • Work is stopped by the agency with effect from 01.12.2017. • Difficulties expressed by agencies about delayed payments by RINL (due to non-availability of borrowing limits).
Forged Wheel Plant, Rae	1682.85	1682.85	Nil	Sept’18	Jan’19	04 months	• The main Package supplier expressing difficulty to adhere to

Bareilly							the contractual schedule of Sep'18 citing delays of RINL in opening LC's as per contractual time lines (due to non-availability of borrowing limits). However, RINL is pursuing with the agency to make up the delay.
Central Dispatch Yard	320.66	320.66	Nil	Aug'18	Aug'18	Nil	------
Augmentation of Water Storage Facility (KBR-II)	465.85	465.85	Nil	Jul'18	Jul'18	Nil	-------

3.16 RINL has been incurring losses since 2015-16 and the losses have been increasing henceafter. The PAT (loss) during 2015-16 was Rs. -1417.23 crore. During 2016-17 the PAT (loss) was Rs. -1690.49 crore. Upto December, 2017, RINL has incurred loss of Rs. 1321.01 crore against RE of losses at Rs. -1881.96 crore.. Even for BE (2018-19), a loss of Rs. 2206.41 crore has been projected. Asked to furnish the reasons for continuous losses since 2015-16 despite improvement in its physical performance and the steps taken by the company to improve its financial performance, the Ministry of Steel informed the Committee in a written reply as under:-

"RINL, VSP made profits consecutively for 13 years till 2014-15.The PBT during 2015-16 was (-) Rs.1417.23 crore. During 2016-17 the PBT was (-) Rs.1690.49 crore. Upto January, 2018, RINL has incurred PBT (-) Rs.1339 crores (Provisional) against RE at Rs. (-)1881.96. Major reasons for losses thereafter inter alia have been adverse market conditions, lower net sales realizations of steel products, increase in imported and indigenous coal prices and downturn in global steel industry, etc. Detailed reasons are as under:

i) Downturn in Global Steel Industry: With slowdown in China, the global steel prices came down drastically since 2nd half of 2014-15. The imports of Steel into India increased substantially. With the initiatives taken by GoI, such cheaper imports reduced gradually.

ii) Lower Demand: The apparent steel consumption in India reduced to single digit growth since 2011-12. The growth in overall steel consumption recovered from 2.60% in 2016-17 to 5.20% in 2017-18 (up to Dec). However, in case of Bars & Rods, the growth in consumption decelerated from 5.10% in 2016-17 to 1.40% in 2017-18 (up to Dec).

On the other hand, the production of Bars & Rods by Main Producers increased by 5.49%, during the same period in 2017-18 (up to Dec), putting constant pressure on prices of Bars & Rods. RINL, operating exclusively in Long Product segment, is the most affected among the Main Producers.

iii) Transition Phase: The company is in the transition phase of Expansion and Modernisation. While completing 6.3 Mtpa Expansion, the company has taken up modernization & up gradation of the existing major process units like Blast Furnaces, Converters of Steel Melt Shop and Sinter Plant. The modernization and upgradation has since been completed, with the commissioning of Blast Furnace-2 on 22/10/2017 and additional Steel Caster on 28/12/2017. With stabilisation and ramp up of production from Expansion and Modernisation units, liquid steel production of 6.3 Mtpa is envisaged in 2018-19 with a growth of 26% over 2017-18.

The following steps are taken for improving financial performance of the company:

i) The company achieved continuous growth in Saleable Steel production to an extent of 16% in 2015-16, 10% in 2016-17 and 18% in 2017-18 (up to Jan'18) with ramp of production from Expansion and Modernisation units.However, the turnover has been stagnant due to depressed prices. The Turnover increased by 9% only, from 2014-15 to 2016-17, though the sales volume increased by 38%.

ii) Improvement has been achieved in important techno economic parameters, as below:

Parameter	Unit	2014-15	2015-16	2016-17	2017-18 (up to Jan)
BF Productivity (WV)	t/m^3/day	1.28	1.45	1.87	1.80
Fuel Rate*	kg/t HM	567	561	537	538
Pulverised Coal Injection*	Kg/t HM	0	5	23	48
Value Added Production	% of SS	73.6	75.1	80.5	81.7
Labour Productivity	t/man-yr	318	345	375	435
Sp.Energy Consumption*	Gcal/tCS	6.37	6.40	6.39	6.10
Sp.Water Consumption*	m^3/tCS	2.78	2.63	2.50	2.43

*Lower is better

iii) In addition to the above, thrust has been given for cost reduction and revenue maximization measures, as below:

- Optimization of Coal blend cost with introduction of new coals from Indonesia, Canada, Mozambique and Australia.
- Increase in generation of power from waste heat recovery. Generation of power from BF gas based power plant reached 190 MW and from other waste energy based units to 30 MW out of the total captive generation of 359 MW in Jan'18.

- Enhanced levels of recycling, reprocessing and reclamation of various wastes.
- Dynamic Product Mix adjustment is being carried out on continuous basis in line with market demand. Depending on the product wise demand in different regions, market mix distribution is being done for improving realisations. Share of sales in Andhra Region increased to 32.2% in 2017-18 (up to Jan) against 28.6% during CPLY.
- Customer interface for improving customer relations. Special thrust is given to strengthen distribution network and increasing sales in rural areas. Sales through the new branch at Vijayawada reached Rs.387 Cr in 2017-18 (up to Jan), contributing to about 3.38% of total domestic sales.
- The company continued its thrust on better fund management in order to curtail interest cost.
- Austerity measures are in place to reduce administrative cost and allow judicious capital expenditure.

iv) With increase in volumes and cost reduction measures, the company could reduce the loss of gross margin from Rs.790 Cr in 2015-16 to Rs.264 Crs in 2016-17 and further to Rs.15 Crs (Prov.) in 2017-18 (upto Jan18)."

Allotment of Captive Iron Ore Mines to RINL

3.17 On being asked to furnish a brief note on the steps taken by RINL/Ministry of Steel on allotment of captive iron ore mines, one Coking Coal Block and one Thermal Coal Block through PSU route to RINL, the Ministry of Steel in its written reply informed the Committee as under:-

"RINL has been participating in various auctions conducted for allotment of mines. As per the Mines and Minerals (Development and Regulation) Act, 1957, as amended through the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the State Governments have been empowered to grant mining lease through the method of auction under Section 10A or through the reservation route under Section 17A(2A) of the Act. Allocation of new mining lease is, therefore, regulated as per the provisions of the amended Act.

RINL will be participating in e-auctions for Iron Ore Blocks / Mines after ascertaining their economic viability. A consultant has been engaged to advise RINL for future e-auctions.

Steel is a completely de-regulated sector since 1992 and the role of Ministry of Steel is that of a facilitator only. As per the Government of India (Allocation of Business Rules), 1961, all matters relating to production, supply, distribution and prices of coal and the issues related thereto is the subject matter of Ministry of Coal.

Allocation of coal mines are made by Ministry of Coal under the provisions of the Coal Mines (special Provisions) Act, 2015 as well as Mines and Minerals (Development and Regulation) Act 1957. As per the prescribed process, PSUs including RINL have to apply for the allocation of Coal mines to the Ministry of Coal as and when a notice inviting application is published by them.

Steps taken by RINL for acquisition of coal blocks:

Thermal Coal blocks:

- RINL has requested for direct allotment of at least one Thermal Coal Block from the two coal blocks as under under the dispensation route:

  - Radhikapur (East) Coal Block, Talcher Coalfield, Angul Dt., Odisha with estimated reserves of 183.43 Mt.
  - Radhikapur (West) Coal Block, Talcher Coalfield, Angul Dt., Odisha with estimated reserves of 288.44 Mt.

Cocking Coal blocks:

- In coking coal also RINL had participated in the E-auction for two Parbatpur Central Coking Coal Block from the blocks put up in Tranche- III in July, 2015. However, this block was removed from the auction process in August, 2015.
- RINL also participated in E-Auction of three coking Coal Mines located in Jharkhand i.e. Bramhadiha Coal Mine with extractable reserves of 2.215 MT, Jogeshwar & KhasJogeshwar Coal Mine with extractable reserves of 7.356 MT and Rabodih OCP Coal Mine with extractable reserves of 46.19 MT put up by Ministry of Coal, Govt. of India in Tranche- V in April, 2017. However the whole Tranche-V e-auction was terminated in July, 2017.
- RINL had also requested for direct allotment of at least one Coking Coal Block from the list given below:
  - KotreBasantpur&Pachmo Open Cast Coking Coal Block in Hazaribagh, West Bokaro Dt., Jharkhand with estimated reserve of 251 Mt in a Joint Venture with SAIL.
  - Choritanr-Tilaiya Open Cast Coking Coal Block in Hazaribagh, West Bokaro Dt., Jharkhand with an estimated reserve of 97 Mt directly to RINL.

- RINL will be participating in e-auctions for both Thermal and Coking Coal Mines after ascertaining their economic viability. A Consultant has been engaged to advise RINL for future e-auctions."

C. NMDC Ltd.

3.18 The authorized share capital of the Company is Rs. 400.00 crore. The paid up Equity Share Capital is Rs. 316.39 crore as on 31.03.2017, out of which 74.9% is held by the Government of India and the balance 25.1% is held by the financial institution/banks/individuals/employees etc. The physical and financial performance of the Company during the last three years is as under:-

PHYSICAL PERFORMANCE

No.	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual Upto (Sep. 2017)	BE
(i)	**PRODUCTION:**						
	IRON ORE (LT)	285.74	340.05	350.00	345.00	156.74	345.00
	DIAMONDS (CARATS)	35558	35636	37000	30000	18295	28500
	SPONGE IRON (MT)	6614	5474	7000	0.00	0.00	0.00
	PELLETS (LT)	0.00	0.00	6.00	1.80	0.00	3.50
(II)	**SALES**						
	IRON ORE (LT)	288.39	356.21	350.00	355.00	174.80	355
	DIAMONDS (CARATS)	36683	25631	37000	35000	11824	36000
	SPONGE IRON (MT)	8365	8579	7000	0.00	0.00	0.00
	PELLETS (LT)	0.00	0.00	6.00	1.80	0.00	3.50

FINANCIAL PERFORMANCE *(Rs. in crore)*

No.	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual Upto Sep. 2017 (*)	BE
(i)	Income	8230.00	9738.00	8946.00	10681.00	5501.00	9795.00
(ii)	Operating Cost	3435.00	5157.00	4538.00	5311.00	2406.00	5077.00
(iii)	Gross Margin (1-2)	4795.00	4582.00	4408.00	5370.00	3095.00	4718.00
(iv)	Profit (Loss) before Tax	4506.00	4293.00	4122.00	5250.00	2809.00	4429.00
(v)	Profit (Loss) after Tax	3028.00	2589.00	2777.00	3210.00	1814.00	2753.00
(vi)	Dividend paid/ Proposed*	4361.00	1629.00	727.00	1629.00	0	1629.00

	Of which :						
	Dividend paid/ proposed to the GOI	3901.49	984.01	545.00	1221.00	237.11**	1221.00

*Audited figure upto September'2017.

** upto Dec, 2017

3.19 Asked to furnish reasons for lower expenditure during last 3 years, the Committee have been apprised as under:-

	Rs. Crore					
YEAR	**TARGET**		**ACTUAL**	**SHORTFALL (EXCESS) W.R.T BE**	**% ACH.**	**REASONS FOR SHORTFALL, IF ANY**
	BE	**RE**				
2014-15	3495	3555	3136	359	90%	1. Slow progress of work by railways towards doubling of KK Lines 2. Delay in getting forest clearances, towards development of Dep-13 3. Delay in obtaining necessary statutory clearance from railways, NHAI and forest department towards slurry pipe line and Pellet plant at Nagarnar
2015-16	3588	3641	3679	-91	103%	No Shortfall
2016-17	3664	4176	3465	199	95%	1. . Delay in allotment of land towards 3MTPA Steel plant at Karnataka 2. Delay in getting forest clearances, towards development of Dep-13 3. Slow progress of work by railways towards doubling of KK Lines

3.20 On being asked Plant-wise Plan Outlay and actuals for NMDC Ltd. during last 3 year, the Ministry of Steel in a written reply apprised the Committee as under:-

PLANT WISE PLAN OUTLAY DURING LAST THREE YEARS(INCLUDING INVESTMENT)

(Rs. In Crs.)

S. No.	Name of major project	2015-16		2016-17		2017-18	
		Plan outlay (BE)	Actual utilisation	Plan outlay (BE)	Actual utilisation	Plan outlay (BE)	Actual utilisation (Upto Jan 18)
1	3 MTPA steel plant at Chhatisgarh	2450.00	2507.00	2800.00	2904.92	2800.00	1133,50
2	Slurry Pipe Line	10.00	12.64	45.00	34.63	75.00	5.42
3	Third Screening Plant & Augmentation of loading facilities at Kirandul	10.00	0.00	30.00	0.00	50.00	5.77
4	Kumarswamy Iron Ore Mine	65.00	40.03	10.00	32.69	10.00	1.89
5	Bailadila Deposit 11B	5.00	17.69	25.00	5.67	15.00	5.88
6	Pellet plant at Donimalai	40.00	38.51	30.00	45.51	20.00	19.95
7	Other scheme/AMR/R&D	228.00	271.02	200.00	172.96	410.00	85.89
	TOTAL CAPEX	**2808.00**	**2886.89**	**3140.00**	**3196.38**	**3380.00**	**1258.30**
8	Investment	780.00	792.13	524.00	271.52	317.00	156.76
	TOTAL OUTLAY	**3588.00**	**3679.02**	**3664.00**	**3467.90**	**3697.00**	**1414.06**

Note: - Since 5 year plan is dispensed with, Board approved BE figures are considered for Plan Outlay in all the three years.

3.21 On being asked to furnish brief particulars of major on-going projects of NMDC Ltd., the Ministry of Steel apprised the Committee as under:-

National Mineral Development Corporation(NMDC)							
Major Project/Scheme	**Cost(Rs. in Crore)**			**Time**			**Reasons for cost and time overrun, if any**
	Original	**Present**	**Over run, if any**	**Original**	**Now anticipated**	**Overrun, if any, Months**	
3.0 MTPA NMDC Iron & Steel Plant at Nagarnar	15525	----	Revised cost is being worked out	May'15	Oct'18	41 months	• Delay in grant of forest clearance to lay operational water pipe line from river Sabari to plant. (Final clearance granted by MOEF on 4.4.2017- However Tree felling permission & permission to start

							work were received during last week of Feb-17 and work started at intake well. – Tree cutting by Forest Dept. is completed in Jul'17)- Water pipeline laying work is in progress • The work of intake well was progressing well. but due to heavy flow in river during Jun'17 the cofferdam got damaged leading to stoppage of all works in intake well. The work re-started in end Nov'17. • Delay in grant of Right of Use (RoU) for water pipeline (Compensation amount distributed on 25.02.17 and work started) • Inadequate man power and resource mobilization by contractors which is severely affecting the execution of work at site • Delayed Supply of fabricated materials by contractors adversely affected the structural erection progress. • Delay in Detailed Engineering by contractors. • Delay occurred in grant of forest clearance by CSPTCL for lying 400 KV line from Raipur to Bastar& Construction of 400/220 kV Substation at MahupalBarai, Jagdalpur (Final stage Forest clearance obtained on 02.12.2014). • Delay occurred in awarding of Railway Siding package-1 as one of the bidders

							filed writ petition in Court of Law. • Substantial delay occurred in approval of DPR, Engineering scale plan by East Coat Railways and General arrangement drawing by East Cost Railways/NHAI for Railway Siding. Further, changes were suggested in signaling system at later stage. Finalisation of tender documents for railway siding packages got delayed due to the above reasons
Screening Plant-III, Kirandul	951 (base date 2008)	----	….	Jun'2021	Jun'2021	…..	…..
Screening Plant-II Donimalai	400	----	….	39 months from date of receipt of statutory clearances. Statutory clearances are being obtained	…..	…..	….
Slurry Pipeline Phase-1	2907.21	-----	….	30 Months from date of receipt of statutory clearances & Right of Use(RoU) Statutory clearances are being obtained .	….	….	….
Doubling of KK railway line- Kirandul to Jagdalpur (executed by E.Co. Railways as Deposit work)	826.57 (base date 2010-11)	1143.6 (base date 2013)	….	Jan'19	Jan'19	……	…..
Doubling of	257.25	----	-----	Feb'19	Feb'19	----	-----

KK line-JagdalpurtoAmbagaon (executed by E.CoRailways through customer funding model)							

3.22 Enquired about the status report on execution of 3 million tonne per annum capacity steel plant and the time and cost overrun incurred due to delay, if any at Nagarnar in Chhattisgarh by the company, the Ministry of Steel in a written reply informed the Committee as under:-

"All the major technological packages are awarded.
Construction activities are going on at all the fronts. The status is as under

Civil – 90% Strl. Supply - 90%
Eqpt. Supply- 92% Strl. Erec - 80%

The Plant is expected to be commissioned in Oct-2018

Zero date of Steel Plant: March 2011
Schedule Completion date: May 2015
Anticipated date of completion of construction: October 2018
Approved Project Cost: Rs 15525 Cr(Under Revision)"

3.23 During evidence, CMD, NMDC Ltd. informed the Committee that at present 92% of civil work has been completed and 80% all other works have also been completed. He further added that they are hopeful that the said project would commissioned by October, 2018.

3.24 The followings projects have been completed at NMDC during the last 03 years:

- 7.0 MTPA Bailadila Iron Ore Deposit11-B Project in Chhattisgarh with a cost of Rs. 607 Cr was commissioned in March'15.
- 7.0 MTPA Kumaraswamy Iron Ore Project in Karnataka with a cost of Rs. 899 Cr. The commissioned in August'15.
- 1.2. MTPA Pellet Plant, Donimalai in Karnataka with a cost of Rs. 572 Cr. The commissioned in Jun'15.

3.25 When asked to furnish the steps that would be taken to achieve the targets during 2018-19, the Ministry of Steel in its written reply informed the Committee as follows:-

"Following steps will be taken for achieving the targets during 2018-19.

1. Contract arrangement for screening and transportation of Slime to Beneficiation plant.
2. Stabilization of Pressure Filters of Beneficiation package and vendor development for Pressure Filters cloths.
3. Arrangements of 2 years O&M spares.
4. Arrangements for additional stockpile of Pellets."

3.26 Regarding NMDC's expansion at home and abroad, the Ministry of Steel informed the Committee in a written reply as under:-

"The Strategic Management Plan (SMP), 'Vision 2025' of NMDC was formulated in June 2015, as per which the company's Iron ore Production capacity was envisaged to be increased to 50 million tonnes per annum (MTPA) by FY 2018-19 and 67 MTPA by FY 2021-22. Thrust has been given on capacity augmentation of operating mines to maximize production in cost-competitive manner. Development of green-field mines in Chhattisgarh has also been planned through JVs with the State Mining Corporations. NMDC Limited is also expanding its activities towards steelmaking and other value added products.

Further the company is making substantial investment to increase evacuation capacity by doubling of KK Railway line for capacity enhancement and construction of new Jagdalpur to Rowghat Railway line. NMDC is also coming up with Slurry pipeline with 15 MTPA slurry pipeline from Bacheli to Nagarnar along with required 2 MTPA beneficiation and pellet plant in first phase. Second phase envisages slurry pipeline from Nagarnar to Vishakhapatnam with suitable partners, along with pellet plant at Vizag.

NMDC is also facilitating creation of new steel capacities in the country through SPV route in Karnataka, Jharkhand and Chhattisgarh.

NMDC aspires to be a multi commodity globally diversified company has invested in emerging opportunities which have the potential to deliver long term benefits to the company and the country.

The Company has invested in Legacy Iron Ore Limited based in Perth, Australia with a focus in iron ore, gold and base metals and has 78.56% equity stake in this company."

D. <u>MECON Limited</u>

3.27 MECON Limited is basically an engineering consultancy and contracting organisation with no manufacturing set up of its own. Due to the nature of the jobs undertaken by the company, the services of the company are spread over wide geographical area. In the process of execution of the jobs, the company has to set up offices / guest houses, expand existing offices / guest houses to cater to the project / office / client needs at these various locations. Accordingly, lumpsum amount of Rs. 5.00 crore is provided as outlay out of I&EBR expenditure for Expansion, Modification & Augmentation of Office Space / Guest Houses at various locations. However, if the requirement of any particular year changes, the company provides for the same in its revised estimates.

FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (upto Dec 2017) (Prov.)	BE
(i)	Income	400.11	406.98	519.00	447.29	284.91	584.00
(ii)	Operating Cost	563.85	483.55	596.00	451.41	326.07	606.70
(iii)	Gross Margin	-163.74	-76.57	-77.00	-4.12	-41.16	-22.70
(iv)	Profit (Loss) before Tax	-174.71	-88.14	-89.20	-15.77	-49.56	-35.05
(v)	Profit (Loss) after Tax	-162.41	-83.84	-89.20	-15.77	-49.56	-35.05
(vi)	Dividend paid/ proposed	0.00	0.00	0.00	0.00	0.00	0.00
	Of which :						
	Dividend paid/ proposed to the Govt. of India	9.09	0.00	0.00	0.00	0.00	0.00

3.28 On being asked Plant-wise Plan Outlay for MECON Ltd. during last 3 year, the Ministry of Steel in its written reply apprised the Committee as under:-

(Rs. In Crs.)

Name of major project	2015-16		2016-17		2017-18		Remarks for deviation
	Plan outlay	Actual utilisation	Plan outlay	Actual utilisation	Plan outlay	Actual utilisation	
Expansion, Modification &Augmentation of office Space / Township / Guest House etc. at various Location	5.00	10.03	5.00	14.36	5.00	2.18	

Note: - For the FY 2016-17 against Total Plan Outlay, Budget Estimates is Rs. 5.00 Crore and Revised Estimate is Rs. 15.00 Crore.

3.29 On being asked to furnish the details of the works undertaken/completed under this Head during the last three years, the Ministry of Steel in its written reply informed the Committee as under:-

"Details of works undertaken / completed under this head during the last three years is as under: -

(Rs. In crore)

S. No.	Particulars	2014-15	2015-16	2016-17
1	Augmentation / Renovation of Office Facilities	4.00	3.33	1.46
2	Acquisition / Renovation / Purchase of Flats, Land, etc for Guest House at different locations	-	4.17	10.21
3	Augmentation of power distribution system	0.61	1.17	1.47
4	Others	1.51	1.36	1.22
	Total	**6.12**	**10.03**	**14.36**

3.30 When asked whether any funds earmarked by MECON for Business Procurement during 2018-19, the Ministry of Steel stated that no funds earmarked by MECON for business procurement as there is no requirement felt for the same till date.

3.31 In reply to a query on performance of MECON Ltd. during oral evidence a representative of MECON Ltd. elaborated as under:-

"We had a review of our performance. We are on the turn around mode, on a mission mode. Our objective is that this year we will break even. After two years of losses, we have refocused our efforts and we will make sure that we break even this year. So, Sir, our focus, now, is to become a Rs.1000 crore organization from our present level of about Rs. 400 crore to have a sustainable growth. On all our projects, we are closely working with NMDC to make sure that that project comes in time. All efforts, are now, to make sure that the project completion takes place in time. In terms of technology, we are focusing on areas, for example in the steel technology, coke carbons, blast furnaces, we have our own technology. So, we were also discussing with Kudremukh that we will put our technology in their plants. So, this will be a good way by which the MECON's own indigenously designed technology can now go into their new blast furnace that they are planning."

E. MSTC LTD.

3.32 As on 31.03.2017, the Authorized Capital of MSTC Limited was Rs. 50.00 crore and paid up capital was Rs. 17.60 crore, of which approximately 89.85% is held by the President of India. MSTC issued Bonus Shares in the ratio of 1:1 in May, 2017. As on 31.12.2017, the paid up equity capital of MSTC is Rs. 35.20 crore. The physical and financial performance of the Company during the last three years is as under:-

PHYSICAL PERFORMANCE

Since MSTC is not a manufacturing concern, its physical performance in terms of value of business under Marketing and Selling Agency is given below:

(Rs. in crore)

No	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (upto Dec 2017)	BE
(i)	Trading	4382.00	4598.00	3850.00	7000.00	6550.00	8400.00
(ii)	e-Commerce	26437.00	46758.00	30500.00	60000.00	37329.00	72000.00

FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (upto Dec'17)	BE
(i)	Income	2967.58	1497.52	2555.00	964.00	832.74	1377.00
(ii)	Operating Cost	2872.63	1399.49	2480.00	871.00	757.51	1256.00
(iii)	Gross Margin	94.95	98.03	75.00	93.00	75.23	121.00
(iv)	Profit (Loss) before Tax	91.34	96.61	72.50	90.00	72.03	117.00
(v)	Profit (Loss) after Tax	59.88	65.43	47.41	58.85	47.10	76.50
(vi)	Dividend paid/ proposed	18.04	41.71#				
	Of which :						
	Dividend paid/ proposed to the Govt. of India	16.36	31.23	17.73	18.02	22.45	23.23

includes interim dividend of Rs. 16.72 crore, paid during FY 2016-17 for FY 2016-17.

3.33 On being asked to furnish Plan-wise Outlays for MSTC Ltd. during last 3 years, the Ministry of Steel in a written reply apprised the Committee as under:-

PLAN WISE OUTLAYS DURING LAST THREE YEARS

(Rs. In Crs.)

Name of major project	2015-16		2016-17(RE)		2017-18(BE)		Remarks for deviation
	Plan outlay	Actual utilisation	Plan outlay	Actual utilisation	Plan outlay	Actual utilisation	
Investment in Joint venture for Setting up of Shredding Plant	5	NIL	10.00	3.10	10.00	7.50	Balance amount of equity contribution to JV will be carried forward to Next Financial year
Construction of office building, Purchase of Office Premises, and Furnishing	NIL	NIL	15	6.76	35.00	7.21	Rs. 25 crore will be spent by March 2018. Balance will be carried forward to next financial year.
Miscellaneous items of Administrative in nature	NIL	NIL	3.45	0.64	4.00	0.45	Will be spent by March 2018
Total	**5**	**NIL**	**28.45**	**10.50**	**49.00**	**15.16**	

Note.

(1) As the differentiation between plan and non plan expenditure has been done away with, all the proposed capital expenditure has been shown above MSTC is following the practice w.e.fRE 2016-17.

(2) In nut shell out of BE 2017-18 Rs 49 Crore, Rs 36.50 Crore is expected to be spent by March 2018. Balance Rs 12.50 Crore will be carried forward to next year. Out of this Rs 10 crore will be spent as per the schedule of contract placed on NBCC. Remaining provision related to contribution for equity Rs 2.50 in JV will also be made in next year.

SHREDDING PLANT

3.34 As regards setting up of Auto Shredding Plant by MSTC Ltd., the Committee while examining Demands for Grants ()2017-18) of Ministry of Steel had observed that the company signed a Joint Venture Agreement with Mahindra Intertrade Ltd. on 8th August, 2016 and a new Joint Venture Company Mahindra MSTC Recycling Private Ltd. was incorporated on 16th December, 2016. A provision of Rs. 49 crore has been made for capital expenditure for the purpose during 2017-18 with Rs. 10 crore in the form of equity, Rs. 35 crore for purchase of land and construction of office and Rs. 4 crore for miscellaneous items of administrative nature. The Ministry of Steel had informed the Committee that it is planning to set up the shredding plant by 31st March, 2018.

3.35 When asked to furnish the status of starting the Auto Shredding Plant by MSTC Ltd., the Ministry of Steel informed the Committee in a written reply as under:-

> "The first collection and dismantling centre is being set up at Greater Noida which will be followed up with the setting up of the Auto Shredding Plant for which the Policy for Shredding of ELVs is awaited from the Government. The status of the collection and dismantling centre is as under:-
>
> - On 23rd January 2018, 'Consent to Operate(CTO)' obtained from the U.P. Pollution Control Board. Effluent Treatment Plant(ETP) is installed and commissioned.
> - Sourcing team has procured 24(21+3 from Honda OEM) vehicles till date from individual customers and institutions.
> - All the required equipments for Depollution and dismantling of ELVs have been purchased and commissioned.
> - The shearer cum baler machine is under import from abroad and likely to be commissioned by May/June, 2018.
> - Dismantled 9 vehicles using state-of-the-art equipments.
> - Mahindra MSTC Recycling Private Limited (MMRPL) has registered itself in MSTC e-Commerce portal as a 'Buyer' to participate in auctions of old vehicles/steel scrap.
> - 'Auction Service Agreement' has been signed with MSTC Ltd. For bulk auction of scrap generated in the dismantling process. Process of selling scrap through auctions has begun.
> - Civil works like rain water harvesting, flooring, heat insulation, boundary walls etc. Are in progress at the Collection Centre.
> - Since the Shredding Plant Unit is a bought unit item, the same will be ordered and commissioned by beginning of next financial year. "

3.36 The required policy for shredding End of Life Vehicle (ELV) is under consideration by the GOI which is impeding the decision for setting up the Shredding Plant. However, the rudimentary requirement of Shredding Plant is establishment of an authorized De-pollution & Dismantling Centre which will supply the raw material for the proposed Shredding Plant. The De-pollution & Dismantling centre is in advanced stage of being operational at NCR, Delhi and the decision for setting up the Shredding Plant is in the offing. Hence, the reasons for lower expenditure is the delay in Setting up of Shredding Plant mainly due to absence of scrapping policy.

3.37 Asked about the challenges faced by MSTC Ltd. regarding its trading & e-commerce business during 2017-18, Ministry of Steel informed the Committee in a written reply as under:-

"MSTC has the following two business segments viz e-Commerce and Trading:

Trading

MSTC facilitates procurement of raw materials primarily for the buyers from the secondary steel producers and petroleum sector both in Facilitator and Purchase & Sale mode by opening Letter of Credit (LC) on their behalf. In addition, it supplies imported thermal coal to the Power utilities in India through Business Associates selected on yearly basis through Open Tender process. During the last couple of years the Indian economy has undergone severe recession due to the domestic and International factors, both geo-political and slump in demand all around.

In India one of the major sectors which is severely hit by the prolonged slow down in economy is the Steel Sector which was the major source of business in trading for MSTC. Majority of the MSTC's customers in this segment are passing through a difficult time due to lack of demand and availability of raw material concerns and therefore, have been forced either to run their plants at low capacity or closed down their plants. In addition, there was also a steep fall in the raw material prices which has prevented the customer to use high value raw material purchased earlier through MSTC. This has resulted in accumulation of large inventory of pledged material of MSTC with sluggish and irregular payment against the outstanding. MSTC is presently doing this business with a few selected parties making the transactions and giving thrust to recover the old outstanding from the others.

E-Commerce

Forward e-Auction and e sale : This segment of business deals in the sale of scraps, condemned items, old plant & machineries, land parcels, etc. and prime products like all major minerals, agri & forest produce, petro products, coal and non-coal mining blocks, human hair etc all through e-auctions. Majority of e-auctions are conducted with a service charge on percentage basis. There has been a steep fall in the prices of the aforesaid items/commodities, particularly for scrap and iron ore, resulting in substantial reduction in income in comparison to the volume. The earnings from these businesses, being on percentage basis, have come down drastically due to lower realization. MSTC is facing immense competition mostly from small players who offer very low service charge rates. The volumes of these business achieved in the current year is significantly high compared to last year but there has not been corresponding increase in income due to continuous pressure from the clients to reduce service charge rate and also to switch over to event based rate from percentage on sales value rate. Apart from these, the main challenge is to cope up with the fast changing technology.

E-procurement : This business is typically high volume and low remuneration oriented and offers major potential for e-commerce business due to new

Government policy for switching over all the purchases of goods & work contracts though e-procurement mode. MSTC has also picked up this business in the past years but encountered with a major problem. Majority of Central Govt., Government/State PSUs have entrusted e-procurement services on Nomination Basis to NIC by way of Government Orders prohibiting MSTC to grab business from them. Beside this, the big PSUs have inbuilt e-Procurement system in their ERP system and therefore do not engage any service provider for e-Procurement."

3.38 When asked to enumerate the steps taken by MSTC Ltd. to overcome the challenges faced by the Company in their e-trading and e-commerce business during 2018-19, the Ministry of Steel informed the Committee in a written reply as under:-

"MSTC is presently doing trading business with a few selected parties and giving thrust to recover the old outstanding from the others. MSTC has a Risk Management plan in place which is updated from time to time to deal with the challenges it faces. Further, MSTC is trying to increase the volume of business in Trading by introducing new models of business with better quality of decisions.

As an endeavour to remain as a leader as ecommerce service provider MSTC is continuously upgrading its technological base. The quality human resources are being augmented through continuous training and in house discussions. MSTC have introduced various innovative service mixes to suit to the customers. Customised services is the new USP of MSTC. Whenever Government of India have entrusted any job, the same has been customized as per the requirement and the purpose of the Government of India have also been fulfilled. MSTC have been adding new items in the e-commerce to increase volume of business. In e-Procurement, MSTC is trying to get this business by continuous improvement in its portal making it more user friendly. MSTC is also offering customized e-portals for many Govt. Departments & PSUs and has carved a niche for itself in this domain."

F. KIOCL Ltd.

3.39 The Authorised Capital of KIOCL Ltd. is Rs. 675.00 crore. The Issued and Paid – up capital is Rs. 634.51 crore as on 31.03.2017. Approximately 99% of share capital of the company is held by Government of India. The physical and financial performance of the Company for the last 3 years is as under:-

PHYSICAL PERFORMANCE

(Qty. In Million Tons)

Year	Installed Capacity	Actual Utilization	Utilization of installed capacity in %
2016-17	3.500	1.460	42

2015-16	3.500	0.100	3
2014-15	3.500	0.785	22

(Installed capacity of Pellet Plant is 3.500 Million Tons / Annum).

(In million tonnes)

No.	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (upto Dec 2017)	BE
(i)	Production (Pellets)	0.100	1.460	1.750	2.000	1.700	2.000

FINANCIAL PERFORMANCE *(Rs. in crore)*

No.	Item	2015-16	2016-17	2017-18			2018-19
		(Actual)	(Actual)	BE	RE	Actual (Upto Dec. 17	BE
(i)	Income	211.82	941.80	1519.67	1371.79	1223.45	1407.90
(ii)	Operating Cost	278.23	1052.78	1607.22	1470.17	1287.77	1475.73
(iii)	Gross Margin	-66.40	-110.98	-87.55	-98.38	-64.32	-67.83
(iv)	Profit (Loss) before Tax	-89.40	32.95	32.45	20.12	28.18	22.17
(v)	Profit (Loss) after Tax	-77.66	47.93	21.22	13.16	18.43	14.50
(vi)	Dividend paid/ proposed	--	23.24	--	--	--	--
	Of which :						
	Dividend paid/proposed to the Govt. of India	6.28	6.91	9.32	13.16	16.33	14.50

3.40 During the last 3 years, viz. 2014-15 to 2016-17, KIOCL envisaged various projects in the development of iron ore deposit and setting up various forward and integration projects at the existing plants. However, due to delay in getting the allotment of mine and further statutory clearances, the actual utilisation has been low.

3.38 A sum of Rs. 1800 crore was proposed as IEBR component of KIOCL at BE(2017-18). This was increased to Rs. 2024.09 during RE 2017-18. When asked about the reasons for increase in RE(2017-18) to Rs. 2024.09 as compared to

BE(2017-18) at Rs. 1800 crore, the Ministry of Steel in its written reply informed the Committee as under:-

> "IEBR (BE) component of KIOCL for the year 2017-18 was Rs. 1800 crore which got increased to Rs. 2024.09 crore at RE stage due to the carry forward surplus available of Rs. 1845.01 crore from previous year i.e. FY 2016-17. The difference in the carry forward surplus amount during BE and RE stage is mainly due to the lower utilisation of CAPEX target for last year i.e. Rs. 10.78 crore.
>
> The IEBR of the Company for 2018-19 is kept at Rs. 1782.44 crore. An amount of Rs. 1444.44 crore has been carried forward of surplus for next year (i.e. cash and cash equivalents of the company at the end of FY 2018-19)."

3.41 During 2017-18, the projected CAPEX of KIOCL is Rs. 496 crore. An amount of Rs. 1.71 crore has been utilized till January, 2018. However, with issue of Gazette Notification by Government of Karnataka for reservation of 470.40 h.a. Devadari Iron Ore deposit in favour of KIOCL, the CAPEX in the succeeding months will improve. KIOCL has submitted the Mining Plan to Indian Bureau of Mines for approval. This is prerequisite for getting Environmental Clearances, Forest Clearance and other statutory clearances. During the process of forest clearance, Company will be required to pay Net Present Value (NPV) and Compensatory Afforestation amount to Forest Department in Stage-II. Utilization of capital budget allocated to other specific projects is linked to certain compliances, which are being reviewed/worked out by the Company.

3.42 When asked about the reasons for such low utilization of funds by KIOCL Ltd. during 2017 and how the company will ensure full utilization of funds of Rs. 1782.44 crore during 2018-19, the Ministry of Steel informed the Committee in a written reply as under:-

"2017-18- CAPEX PLAN

Sl. No.	Name of the Project	CAPEX during the year (Rs. in Crores)	Milestone to be achieved during the year	Progress till date	Reason for low utilization of fund
1	Development of Devadari Mines including setting up of 4 MTPA Beneficiation Plant and Setting up of 2	80.00	Mine Plan and Environment Clearance along with initial expenses	Mining Plan KIOCL appointed M/s MECON Limited for mining plan preparation and its approval from Indian Bureau of Mines.	Forest department, GoK not permitted for carrying out topographica

	MTPA Pellet Plant		for forest clearance	Initial Mining plan has been submitted to Indian Bureau of Mines on 12.01.2018 for approval. The officials of IBM has visited the Devadari iron ore mine on 29.01.2018 for inspection and verification. M/s Chaithanya Geo Lynx, Hospet appointed for DGPS survey and fixing up of boundary pillars on 28.07.2017. Environment Clearance KIOCL appointed M/s EcomenLaboratories Pvt. Ltd., Lucknow for obtaining Environment Clearance from MOEF&CC, GoI. On receiving pre-feasibility report and draft mining plan from MECON, Form-I was prepared and submitted in online portal of MoEF&CC, GoI on 18.01.2018, to obtain Terms of Reference (TOR) for conducting base line study and EIA/EMP. Forest Clearance An open tender has been issued on 08.02.2018 for selection of agency for preparation of proposal for diversion of forest land and obtaining forest clearance (stage I & stage II) from MOEF&CC, GOI for Devadari Iron Ore Mine, SandurTq, Bellary Dist., Karnataka. The estimated cost is Rs. 1.5 Crs. The bid due date is 07.03.2018.	l survey and geological study at reserved area from June 2017 to Sept 2017, due to monsoon season , the aforesaid study was prerequisite for preparation of mining plan. With the delayed permission from forest dept, preparation of mining plan got delayed. Director of Mines & Geology, GoK not issued permission letter till date for joint DGPS survey and boundary pillar erection.
2	Development of Nemakal iron ore Mine, AnanthapuramuDist AP (JV with Andhra Pradesh Mineral Development Corporation)	10.00	Exploratory Drilling & preparation of TEFR	Complying with PCCF letter 27.09.2016, DGPS survey on both sides of proposed approach road and borehole points at site has been carried out and proposal was re-submitted on 12.05.2017 to Forest Department, Andhra Pradesh for forest clearance to carry out exploratory drilling. On 09.10.2017, DGPS survey map has been verified and authenticated by IT Cell, Forest Department, GoAP. Now, as instructed by the Forest Department of GoAP, APMDC submitted proposal for FC through online on 14.12.2017 in Forest Clearance Portal of MoEF& CC, GoI to undertake exploratory drilling at Minchery	Due to non receipt of forest clearance the exploratory drilling activity not started at site.

				reserve forest, Nemakal project.	
3	MDO jobs including procurement of HEMM etc	1.00	Due diligence of identified MDO project	KIOCL identifying the MDO projects for submission of tenders, subject to meeting qualifying criteria.	Company is searching for suitable MDO tenders for participation. Till date, KIOCL not qualified in pre qualificationcriteria in the tenders issued for MDO.
4	Contract on operation and maintenance of Coal Washery	5.00	Due diligence of identified coal Washery Project with initial expenditure for establishment	KIOCL identifying the coal washery projects for submission of tenders, subject to meeting qualifying criteria	Company is searching for suitable O&M contracts for coal washery.
5	Entering into agreement for development of mineral deposit including coal under suitable mechanism in India and abroad (Under this head company is in the process of entering into JVA and formation of JVC with WBMDTCL for development of iron ore mine and setting up of plants)	5.00	Entering into JV agreement for formation of JV Company and 49 % Share subscription in JVC	KIOCL appointed M/s aXYKno Capital Services Private Limited for preparation of JVA and incorporation of JVC with WO value of Rs. 14.95 Lakhs exclusive of service tax. Consultant has submitted draft joint venture agreement and share holders' agreement. KIOCL and WBMDTCL are under discussion to finalize the same.	The joint venture agreement is under finalization between KIOCL & WBMDTCL.
6	Prospecting and exploratory drilling of mineral deposits for various minerals including procurement of equipments to carryout works	20.00	Procurement of exploratory drilling machine along with survey instrument and software packages	-	-
7	Development of Permanent Railway siding at Mangalore		40.00 Up dating of DPR and getting necessary approvals	As M/S CONCOR has shown interest in developing Railway siding Project along with KIOCL, discussions were held with CONCOR officials. M/S CONCOR personnel have already visited the proposed site. KIOCL is awaiting their response. On receipt of response from M/S CONCOR further action on updating of	

				DPR will be taken up.	
8	Setting up of forward and backward integration with BFU, Mangalore, Karnataka	125.00	Getting clearance from Board and other statutory bodies.	MECON Ltd has submitted the report and also made a power point presentation of their study to the Investment project appraisal and Monitoring committee in the 7th meeting of the committee held on 09.10.2017. The points raised in the investment, project appraisal and monitoring committee were addressed and the same was placed before the 8th meeting of the Investment committee which met on 3rd January 2018. The Investment, Project Appraisal and Monitoring committee in their 9th meeting held on 30th January 2018 had advised to place the agenda before the Board for further consideration and approval along with certain clarification. KIOCL Board in its 249th meeting held on 30.01.2018 has sought certain additional information. The reply to the queries raised by the Board members shall be placed in the ensuing Board meeting.	--
9	Setting up of R&D and Training Centre at Obhadenahalli Industrial Area, Doddaballapura, Bangalore Rural Dist.	15.00	KIOCL is exploring new avenues to gainfully utilize the land.	Land topographical surveys have been done and boundary pillars fixed.	--
10	Setting up of 1 MW Solar Power Plant	8.00	Tendering action has been initiated and bids due date by 23rd Feb 2018.	Finalizing the EPC contract for setting 1 MW solar plant.	--

11	Setting up of 3 MW Solar Power Plant	1.00	KIOCL is in the process of getting the required Land from M/s Krishna BhagyaJala Nigam Limited (KNJN), Govt. of Karnataka, on long term lease rent basis. M/s KBJNL have proposed, leasing land to KIOCL on sharing of power generated. KIOCL is exploring the best possible option to get the land from M/s KBJNL.	Land identification and procurement action.	--

Asked about the steps taken with regard to utilization of capital budget allocation of Rs. 1782.44 crore for the Financial Year 2018-19 towards various projects, the Ministry of Steel informed that the Company will take concerted and coordinated efforts for fully utilization of capital budget outlays in the following areas:

a) Development of Devadari iron ore mine: KIOCL has submitted the Mining Plan to Indian Bureau of Mines for approval. It is expected that mining plan clearance will be approved by Mid March 2018. Thereafter Company will submit application for forest clearance. During the process of forest clearance, Company will be required to pay Net Present Value (NPV) and Compensatory Afforestation amount to forest dept. Apart from statutory payments, the amount will also be spent for establishing infrastructure facilities at mine site.

b) Setting up of Coke Oven Plant at Blast Furnace Unit, Mangalore (backward integration project) and Setting up of Ductile Iron Spun Pipe Plant at BFU (forward integration project):-

M/s MECON has been asked to submit TEFR for the backward and forward integration project at BFU. M/s. MECON Ltd has submitted the report and also made a power point presentation of their study to the Investment project appraisal and Monitoring committee in the 7th meeting of the committee held on 09.10.2017. The points raised in the investment, project appraisal and monitoring committee were addressed and the same was placed before the 8th meeting of the Investment committee which met on 3rd January 2018.

The Investment, Project Appraisal and Monitoring committee in their 9th meeting held on 30th January 2018 had advised to place the agenda before the Board for further consideration and approval along with certain clarification.

KIOCL Board in its 249th meeting held on 30.01.2018 has sought certain additional information. The reply to the queries raised by the Board members shall be placed in the ensuing Board meeting.

c) Setting up of 5 MW Solar Power Plant:-

For setting up of 5 MW solar power plant in Karnataka State, KIOCL in the process of getting 25 acres of Land from M/s Krishna BhagyaJala Nigam Limited (KNJN), Govt. of Karnataka, on long term lease rent basis. M/s KBJNL have proposed, leasing land to KIOCL on sharing of power generated.

KIOCL is exploring the best possible option to get the land from M/s KBJNL.

Meanwhile KIOCL is also working out the feasibility of acquiring the land on outright purchase.

d) Procurement of additional reclaimer for shed no 2 for handling iron ore fines and modifying the logistic for internal ore handling in pellet plant at Mangalore:-

KIOCL have proposed for procurement and installation of a barrel type blender Reclaimer in their existing shed no. 2 at their Filter Plant premises. KIOCL is floating a tendering enquiry for the same.

Certain modifications in the Plant have been identified to be carried out. M/s MECON have furnished their offer for providing the necessary technical consultancy services for the modernization of the material handling system. Their offer is under scrutiny."

PART –II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

FACILITATING GROWTH OF DOMESTIC STEEL INDUSTRY

1. The Committee are happy to observe that the capacity for domestic crude steel production expanded from 97.024 metric tonnes per annum in 2012-13 to 128.277 MT per annum in 2016-17, a Compound Annual Growth Rate of 7% during five year period. Further, during January-December 2017, crude steel production in the country crossed 100 MT mark for the first time reaching 101.371 MT (provisional), a growth of 6.18% over same period during 2016. According to Ministry of Steel during 2017-18 (April to December, 2017) production of crude steel was at 75.642 million tonnes, a growth of 4.8% compared to same period of last year. SAIL, RINL, TSL, ESSAR, JSWL & JSPL produced 43.534 million tonnes during this period, which was a growth of 6.8% compared to last year. The rest amounting to 32.108 million tonnes was the contribution of Other Producers, which was a growth of 2.1%, compared to last year. The Committee also note that the country has also become the 3rd largest consumer of finished steel (83.5 million tonnes in 2016) in the world preceded by China (681.0 million tonnes in 2016) and the USA (91.6 million tonnes in 2016). While appreciating the various initiatives undertaken by the Ministry of Steel and the Steel Companies to augment production and productivity of steel by imposition of various trade remedial measures such as imposition of Minimum Import Price (MIP), Anti dumping duties, inclusion of principles of Life Cycle Cost in GFR 2017, rationalization of logistic costs and ensuring

availability of input raw material, etc., the Committee expect that Ministry of Steel will continue to facilitate growth of domestic steel industry with their active coordination and formulation of right policy directives/ initiatives. The Committee recommend that to maintain this positive growth, Ministry of Steel should extend all possible support not only in providing linkage for raw materials like iron ore, coking coal and natural gas but also ensuring availability of required number of wagons for movement of raw materials and for setting up of slurry pipe lines.

NATIONAL STEEL POLICY

2. The Committee note that Ministry of Steel has rolled out two national landmark policies, (i) National Steel Policy (NSP), 2017 and (ii) Domestically Manufactured Iron and Steel Products (DMI&SP) policy. The Committee find that NSP, 2017 aims to increase focus on expansion of Micro, Small & Medium Enterprises (MSME) sector, R&D activities, availability of raw material at competitive prices, reduce import dependency and cost of production, and thus develop a technologically advanced and globally competitive steel industry that promotes economic growth, eyeing self-sufficiency in production, developing globally economical steel manufacturing capabilities by facilitating investments and cost efficient productions with adequate availability of raw materials. The Committee are also happy to note that the Government has also introduced the Policy on preference to DMI&SP in Government procurements. This policy encourages the downstream companies to set up capacities for steel products which were otherwise being imported directly in the past, leading to substantial outflow of valuable Forex. DMI&SP policy also mandates a minimum

domestic value addition of 15% for domestic producers. The Committee appreciate these new policy initiatives which would help India to be a world leader in energy efficiency and sustainability by adopting steel production technologies matching global standards in safety and health to meet the entire demand of high grade automotive steel, electrical steel and special steel and alloys. At the same time, the Committee feel that these initiatives be implemented with extra zeal and desire that a prospective plan be prepared to implement these policy measures so that the country could achieve the target set to augment per capita Steel consumption from 66 kg to 120 kg by 2020 and 160 kg per capita by 2030 and the projected growth of 300 MT of Steel production by 2030-31 alongwith increase in employment generation by around 11 lakhs. The Committee would like to be apprised of the action plan of the Government to implement the policy initiatives undertaken by them in a time bound manner.

<u>R&D IN STEEL SECTOR</u>

3. The Committee note that during 2015-16, out of RE of Rs. 15 crore, only Rs. 10.26 crore were utilized under the Scheme for Promotion of R&D Iron and Steel Sector. However, the Committee note with satisfaction that budgetary provision (RE) of Rs. 15 crore and Rs. 14 crore respectively made during 2016-17 and 2017-18 for the purpose was fully utilized for various R&D projects like smelting reduction of iron ore/fines by Hydrogen Plasma and elimination of Carbon Di-oxide emission, production of low phosphorus steel, development of cost effective refractory lining materials, etc. In addition 14 R&D projects which have been initiated during the last 3 years, are in progress. The Committee also note that steel PSUs are also pursuing

R&D projects with thrust on cost reduction; value addition, quality improvement, development of new products etc. During 2016-17 (upto December 2016), SAIL had expended Rs. 339.43 crore on R&D activities. Similarly, RINL's actual expenditure during 2016-17 on R&D was Rs. 23.52 crore and during 2017-18 (upto December 2017), it was Rs. 7.14 crore. The expenditure of NMDC Ltd., MECON Ltd and MOIL during 2017-18 (upto December 2017) was Rs. 18.60 crore, Rs. 1.23 crore and Rs.6.99 crore respectively. While observing that to bring in all the stake-holders into one platform and promote steel research on themes of critical and vital national importance, an institutional platform called Steel Research and Technology Mission of India (SRTMI) has been established with an objective to spearhead R&D of national importance in iron & steel, creating state-of-art facilities to conduct cutting edge research, develop expertise and skill development, manage human resource etc., the Committee observe that steel companies are engaged in carrying out R&D activities with special focus on cost reduction, value addition, quality improvement, etc. The Committee, however, expect that necessary efforts should be made under the aegis of SRTMI to acquire innovative/path breaking technologies and manufacturing capabilities to develop all critical equipment and systems for steel plants. The Committee, therefore, recommend that a time bound action plan should be evolved under SRTMI alongwith all Steel Companies (both public and private sector) to boost innovation in steel sector and enhance their R&D expenditure. In the opinion of the Committee, this would enable the production of most of the value added products like automotive steel for high end applications, electrical steel like CRGO & Amorphous steel as well

as special steel and alloys for the Power Equipment, Aerospace, Defence and Nuclear applications which are presently imported, in the country itself. The Committee would like to be apprised of the action plan of SRTMI to raise the level of R&D and acquire world class manufacturing capabilities in the country.

UTILIZATION OF PLAN OUTLAYS BY SAIL

4. As regards the SAIL's plant-wise plan outlays for the year 2017-18, the Committee note that against the plan outlays (BE) of Bhilai Steel Plant, Rourkela Steel Plant, Bokaro Steel Plant at Rs. 1260 crore, Rs. 700 crore and Rs. 530 crore respectively, the actuals (upto January, 2018) were Rs. 1289 crore, Rs. 1643 crore and Rs. 738 crore respectively. While the expenditure by these plants of SAIL exceeded their plan outlays, the plan outlays of Durgapur Steel Plant (upto January, 2018) was Rs. 162 crore against BE of Rs. 200 crore, it was Rs. 162 crore by ISSCO Steel Plant (ISP) against BE of Rs. 425 crore. Further, Salem Steel Plant (SSP) and Visvesvaraya Iron and Steel Plant (VISP) could utilized only Rs. 4 crore and Rs. 1 crore during 2017-18 (upto January, 2018) against their plant outlays of Rs. 20 crore and Rs. 10 crore respectively. While appreciating the gradual increase in production of hot metal, crude steel and saleable steel by SAIL from 2015-16 to 2016-17 and higher targets fixed at BE/RE stage during 2017-18 and 2018-19, the Committee failed to understand lower utilization of plan outlays by some of the plants like DSP, ISP, SSP and VISP. The Committee, therefore, recommend that Ministry of Steel and SAIL should analyse the financial performance of their plants and come out with the reasons for the huge mismatch between the plan outlays and actual utilization of funds by

them and they be apprised of the same. The Committee would also like to be apprised of the corrective measure taken by SAIL to ensure full utilization of plan outlay of Rs. 4000 crore for the year 2018-19.

DELAY IN MODERNIZATION AND EXPANSION OF SAIL PLANTS

5. The Committee observe that during 2017-18, IEBR component of SAIL which at BE stage stood at was Rs. 3500 crore was revised to Rs. 4200 crore. The actual utilization of funds during 2017-18 (upto December, 2017) was Rs. 3724 crore. Now, IEBR (BE) for the year 2018-19 is earmarked at Rs. 4000 crore. Major portion of this outlay is towards likely payments for Modernization & Expansion Plan of SAIL Plants / Units for post completion contractual liability against demonstration of Commissioning, Performance Guarantee (PG) and Final Acceptance by the Vendors /Suppliers. Also, likely expenditure towards major on-going projects viz. New Hot Strip Mill at Rourkela, Modernisation of Steel Melting Shop-I and New Sinter Plant at Bokaro etc. have been considered. In view of the present financial position of the Company, the emphasis is being given on consolidation of existing facilities rather than going for new Capital Schemes while formulating RE for the current financial year as well as BE for 2018-19. The Committee are unhappy to note the delay in implementation of modernization and expansion of Bhilai Steel plant which was originally to be completed in March, 2013 at a cost of Rs. 17265 crore. The plant is now anticipated to be completed by February, 2018 which primarily is due to poor performance of contractors. Another project for development of permanent barracks at 21 locations at Rowghat Deposit which was targeted to be completed by April, 2015 at a cost of Rs. 188.93 crore could not be completed due to delay in

handing over of clear sites at all the locations by the State Government. While endorsing the Ministry's view that emphasis be on completing the ongoing major projects rather than going for new capital schemes, the Committee desire that SAIL should work out a concrete action plan to complete all the targeted modernization and expansion plan of various plants within a stipulated timeframe and they be apprised of the same alongwith revised cost over-run, if any.

PERFORMANCE OF RINL

6. The Committee note that though Rashtriya Ispat Nigam Ltd. (RINL) made profits for 13 consecutive years till 2014-15, the company has been incurring losses since 2015-16 and the losses have been increasing henceafter. The Profit After Tax (PAT) during 2015-16 and 2016-17 was Rs. -1420.64 crore and Rs. -1263.16 crore respectively. Upto December, 2017, RINL has incurred loss of Rs. 978 crore against RE of losses at Rs. -1344.54 crore. Major reasons for losses are reported to be adverse market conditions, lower net sales realizations of steel products, increase in imported and indigenous coal prices and downturn in global steel industry, etc. The Committee also note that the Company had taken up modernization & up gradation of the existing major steel processing units like Blast Furnaces, Converters of Steel Melt Shop and Sinter Plant while completing 6.3 Mtpa Expansion. The modernization and upgradation has since been completed, with the commissioning of Blast Furnace-2 on 22/10/2017 and additional Steel Caster on 28/12/2017. With stabilisation and ramp up of production from Expansion and Modernisation units, liquid steel production of 6.3 MTPA is envisaged in 2018-19 with a growth of 26%

over 2017-18. The Committee were informed that RINL has been taking continuous steps for improving its physical performance and achieved continuous growth in Saleable Steel production in 2017-18. Due to depressed prices, although the turnover of the Company increased by 9% only, from 2014-15 to 2016-17, the sales volume increased by 38%. The Committee also observe that improvement has been achieved in several techno economic parameters like BF Productivity (WV), Fuel Rate, Pulverised Coal Injection, Value Added Production, Labour Productivity, Special Energy Consumption, Special Water Consumption, etc. Thrust has also been given on cost reduction and revenue maximization measures. The Committee expect that as a result of various initiatives undertaken by the Ministry/RINL and higher sales realization with expanded capacity of 6.3 MTPA, RINL will be able to earn profits from the next financial year. However, the Committee hope that there will be no slackness in the measures undertaken by RINL to ensure turn around of the financial performance of the Company.

ALLOTMENT OF IRON ORE/COAL MINES TO RINL

7. The Committee note that RINL do not have any captive Iron Ore Mine, Coking Coal and Thermal Blocks to meet its raw material demand. As regards the iron ore mines, the Committee were informed that RINL has been participating in various auctions conducted for allotment of mines. As per the Mines and Minerals (Development and Regulation) Act, 1957, as amended through the Mines and Minerals (Development and Regulation) Amendment Act, 2015, the State Governments have been empowered to

grant mining lease through the method of auction under Section 10A or through the reservation route under Section 17A(2A) of the Act. Further, the allocation of coal mines are made by the Ministry of Coal under the provisions of the Coal Mines (special Provisions) Act, 2015 as well as Mines and Minerals (Development and Regulation) Act 1957. As per the prescribed procedure, PSUs including RINL have to apply for the allocation of Coal mines to the Ministry of Coal as and when a notice inviting application is published by them. The Committee observe that RINL has requested for direct allotment of at least one thermal coal block from Radhikapur (East) Coal Block, Talcher Coalfield, Angul District, Odisha with estimated reserves of 183.43 Mt. or Radhikapur (West) Coal Block, Talcher Coalfield, Angul District, Odisha with estimated reserves of 288.44 Mt. under the dispensation route. According to Ministry of Steel, RINL had participated in the e-auction for two Parbatpur Central Coking Coal Block from the blocks put up in Tranche- III in July, 2015. However, this block was removed from the auction process in August, 2015. RINL also participated in e-auction of three Coking Coal Mines located in Jharkhand i.e. Bramhadiha Coal Mine with extractable reserves of 2.215 MT, Jogeshwar & KhasJogeshwar Coal Mine with extractable reserves of 7.356 MT and Rabodih OCP Coal Mine with extractable reserves of 46.19 MT put up by the Ministry of Coal, in Tranche-V in April, 2017. However the whole Tranche-V e-auction was terminated in July, 2017.RINL had also requested for direct allotment of Kotre Basantpur & Pachmo Open Cast Coking Coal Block in Hazaribagh, West Bokaro District, Jharkhand with estimated reserve of 251 Mt in a Joint Venture with SAIL or Choritanr-Tilaiya Open Cast Coking Coal Block in Hazaribagh, West Bokaro

District, Jharkhand with an estimated reserve of 97 Mt directly to RINL. Taking note of the fact that though RINL is continuously trying hard and is participating in e-auction of the Iron Ore Mines as well as Thermal and Coking Coal Blocks, the Company has failed to get any mining lease for iron ore and coal blocks resulting in its dependence on procurement of raw material from the market thereby adversely impacting its cost of production. While recommending that RINL should continuously participate in e-auction of Iron Ore Mines, Thermal and Coking Coal Blocks, the Committee also urge the Ministry of Steel to take up the matter with the Ministry of Coal for allocation of thermal and coking coal blocks as requested by the company. The Ministry of Steel and RINL should also strive hard to impress upon the concerned State governments to allocate iron ore mine through reservation route under Section 17 A(2A) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015. The Committee would like to be apprised of the efforts made by Ministry of Steel/RINL in this regard.

<u>IRON AND STEEL PLANT OF NMDC LTD.</u>

8. The Committee note that there has been a delay of approximately 41 months on the commissioning of 3.0 MTPA Iron and Steel Plant of NMDC Ltd. at Nagaranar, Chhattisgarh which was supposed to be commissioned in May, 2015. Now the plant is proposed to be completed by October, 2018. The Committee were informed that various constraints like pending statutory clearances, flood in Bastar, delay in making barrages, controversy on right of use of water pipeline, lack of skilled manpower, delay in one

package due to non completion of other linked activities, law and order issues etc. have been the major reasons for delay. However, the Committee were assured that most of these hurdles have now been overcome, the project is likely to be commissioned by October, 2018. The Committee also note that after 7.0 MTPA Bailadila Iron Ore Deposit11-B Project in Chhattisgarh, 7.0 MTPA Kumaraswamy Iron Ore Project in Karnataka and 1.2 MTPA Pellet Plant, Donimalai in Karnataka which were commissioned in March, 2015, August 2015 and June, 2015 respectively, no new project of NMDC Ltd. has been commissioned during the last 2 years. Keeping this in view, the Committee desire that work on this project be expedited vigorously so that the project is commissioned by October, 2018.

STRATEGIC MANAGEMENT PLAN (SMP) OF NMDC LTD.

9. The Committee also note that NMDC Ltd. has formulated a Strategic Management Plan (SMP), 'Vision 2025' in June 2015. As per this plan, the company's Iron ore Production capacity has been envisaged to be increased to 50 million tonnes per annum (MTPA) by FY 2018-19 and 67 MTPA by FY 2021-22. Thrust has been given on capacity augmentation of operating mines to maximize production in cost-competitive manner. Development of green-field mines in Chhattisgarh has also been planned through JVs with the State Mining Corporations. NMDC Limited is also expanding its activities towards steel making and other value added products. Further, the company is making substantial investment to increase evacuation capacity by doubling of Kirandul-Kothavalasa Railway line for

capacity enhancement and construction of new Jagdalpur to Rowghat Railway line. Besides this, NMDC Ltd. is also coming up with a 15 MTPA slurry pipeline from Bacheli to Nagarnar along with 2 MTPA beneficiation and pellet plant in first phase. The Second phase envisages slurry pipeline from Nagarnar to Vishakhapatnam with suitable partners, along with pellet plant at Vizag. According to Ministry of Steel, NMDC Ltd. is also facilitating creation of new steel capacities in the country through Special Purpose Vehicle (SPV) route in Karnataka, Jharkhand and Chhattisgarh. Regarding its offshore forays, the Committee were informed that NMDC Ltd. has invested in Legacy Iron Ore Limited based in Perth, Australia with a focus on iron ore, gold and base metals and has 78.56% equity stake in this company. While appreciating that NMDC Ltd. aspires to be a multi commodity globally diversified company and has invested in emerging opportunities which have the potential to deliver long term benefits to the company and the country, the Committee would like to be apprised of the milestones achieved so far by the Company under its Strategic Management Plan (SMP) and the steps taken to achieve the goals it has set for itself in iron ore production of 50 MTPA by 2018-19 and 67 MTPA by Financial Year 2021-22.

PERFORMANCE OF MECON LTD.

10. The Committee note that MECON Limited is basically an engineering consultancy and contracting organisation with no manufacturing set up of its own. The Committee were informed that due to the nature of the jobs undertaken by the company, the services of the company are spread over a wide geographical area. In the process of execution of the jobs, the

company has to set up offices / guest houses, expand existing offices / guest houses to cater to the project / office / client needs at various project locations. Accordingly, a lumpsum amount of Rs. 5.00 crore is being provided as outlay out of I&EBR expenditure for Expansion, Modification & Augmentation of Office Space / Guest Houses at various locations. The Committee note that out of an IEBR of Rs. 5 crore during 2017-18, only Rs. 2.18 crore has been expended till December, 2017 whereas during 2016-17, against plan outlay of Rs. 5 crore, the Company utilized Rs. 14.36 crore. The Committee are, however, concerned to note that no funds have been earmarked by MECON Ltd. for business procurement for the year 2018-19, and the reason furnished by MECON Ltd. is that no requirement has been felt for the same till date. The Committee are surprised at this attitude of the Company especially at a time when it is going through a period of continuous losses after 2014-15. The Committee feel that to compete in the market, instead of being complacent, MECON Ltd. should earmark funds for business procurement. On the positive side, the Committee take note of the assurance given by the CMD of the Company during evidence that after 2 years of losses, the Company will be able to break even this year and presently their focus is to become a Rs. 1000 crore organisation from the present level of Rs. 400 crore while working in close collaboration with NMDC Ltd. and KIOCL Ltd. to take forward its mission. In this regard, the Committee would like to refer to their 37th Report on "Physical and Financial Performance of SAIL and MECON Ltd.", presented to Parliament on 04.01.2018 wherein the Committee have expected MECON Ltd. to harness business opportunities in diversified sectors and formulate a comprehensive

business strategy to arrest the downturn in its financial performance. The Committee hope and trust that MECON Ltd. will make concerted and coordinated efforts and formulate a road map to make the company once again a profitable organisation in the near future.

AUTO SHREDDING PLANT of MSTC LTD.

11. While examining the Demands for Grants (2017-18) of Ministry of Steel, the Committee were informed that MSTC Ltd. has signed a Joint Venture Agreement with Mahindra Intertrade Ltd. on 8th August, 2016 and a new Joint Venture Company Mahindra MSTC Recycling Private Ltd. has been incorporated on 16th December, 2016. A provision of Rs. 49 crore has been made for capital expenditure for the purpose during 2017-18 with Rs. 10 crore in the form of equity, Rs. 35 crore for purchase of office premises, furnishing and construction of office building and Rs. 4 crore for miscellaneous items of administrative in nature. The Ministry of Steel informed the Committee that it is planning to set up the shredding plant by 31st March, 2018. The Committee, however, observe that out of a total plan outlay of Rs. 49 crore during 2017-18, only Rs. 15.16 crore could be utilized as investment in Joint Venture for setting up the Shredding Plant, construction of office building, purchase offices, premises and other administrative expenditure. The Committee further observe that the first collection and dismantling centre is being set up at Greater Noida which will be followed up with the setting up of the Auto Shredding Plant for which the Policy for Shredding of End of Life Vehicles (ELVs) is awaited from the Government. The Committee are concerned to note that setting up of Auto

Shredding Plant has further slipped to 2018-19 in the absence of policy for shredding End of Life Vehicles (ELVs) which is reported to be under consideration of the Government. Taking note of the Ministry of Steel's response that since the Shredding Plant Unit is a bought unit item, the same will be ordered and commissioned by beginning of next financial year, the Committee recommend the Ministry of Steel to take up the matter at appropriate level in the Government to ensure that scrapping policy is finalized and notified soon so that the auto shredding plant may be commissioned during the financial year 2018-19.

<u>MSTC Ltd.</u>

12. As regards the business activities of MSTC Ltd., the Committee note that the company is engaged mainly on two business segments namely, trading and e-commerce. The trading business of the company was targeted at Rs. 3850 crore at BE 2017-18 stage. This was revised to Rs. 7000 crore and the actuals upto December, 2017 were Rs. 6500 crore. The target for 2018-19 for trading business of MSTC Ltd. is set at Rs. 8400 crore. The Committee are also happy to note that against the target of Rs. 30500 crore for e-commerce business of MSTC Ltd., the RE is Rs. 60000 crore and upto December, 2017, the company has accomplished business of Rs. 37329 crore. Now for the year 2018-19, the company has set Rs. 72000 crore as their e-commerce business target. The Committee are, however, concerned to note that despite increase in volume of business of MSTC Ltd., the income of company is showing a declining trend since 2015-16. Against the income of Rs. 2967.58 crore and Rs. 1497.52 crore during 2015-16 and 2016-17 respectively, the RE target of income during 2017-18 have been

downwardly revised to Rs. 964 crore against BE of Rs. 2555 crore. As regards the reasons for lower income, the Ministry of Steel informed the Committee that in trading business, MSTC facilitates procurement of raw materials primarily for the buyers from the secondary steel producers and petroleum sector both in Facilitator and Purchase & Sale mode by opening Letter of Credit (LC) on their behalf. In addition, it supplies imported thermal coal to the Power utilities in India through Business Associates selected on yearly basis through Open Tender process. Majority of the MSTC's customers in this segment are passing through a difficult time due to lack of demand and availability of raw material concerns and therefore, have been forced either to run their plants at low capacity or closed down their plants. In addition, there was also a steep fall in the raw material prices which has prevented the customer to use high value raw material purchased earlier through MSTC Ltd. This has resulted in accumulation of large inventory of pledged material of MSTC Ltd. with sluggish and irregular payment against the outstanding. The e-commerce segment of business of MSTC Ltd. deals in the sale of scraps, condemned items, old plant and machineries, land parcels, etc. and prime products like all major minerals, agri & forest produce, petro products, coal and non-coal mining blocks, human hair etc all through e-auctions. Majority of e-auctions are conducted with a service charge on percentage basis. There has been a steep fall in the prices of the aforesaid items/commodities, particularly for scrap and iron ore, resulting in substantial reduction in income in comparison to the volume. The earnings from these businesses, being on percentage basis, have come down drastically due to lower realization. MSTC Ltd. is facing

immense competition mostly from small players who offer very low service charge rates. The volume of these business achieved in the current year is significantly high compared to last year but there has not been corresponding increase in income due to continuous pressure from the clients to reduce service charge rate and also to switch over to event based rate from percentage on sales value rate. Apart from these, the main challenge is to cope up with the fast changing technology. The Committee were given to understand that MSTC Ltd. is presently doing trading business with a few selected parties and giving thrust to recover the old outstanding from the others. MSTC Ltd. has a Risk Management plan in place which is updated from time to time to deal with the challenges it faces. As regards e-commerce services rendered by MSTC Ltd., the Committee note that the company has introduced various innovative service mixes to suit the customers. Customized services is the new USP of MSTC Ltd. Whenever Government of India has entrusted any job, the same has been customized as per the requirement and the purpose of the Government of India has also been fulfilled. The Committee feel that to overcome the present challenges and competitiveness being faced by the company from small time players, MSTC Ltd. has to continuously upgrade its technological base and introduce new models of business with better quality to remain as a market leader. The Committee would also like to be apprised of the total outstanding dues of MSTC Ltd. for the services rendered by it and steps taken/methodology adopted by the company to recover these dues.

<u>KIOCL Ltd.</u>

13. The Committee note that the installed capacity of pellets production of KIOCL Ltd. is 3.5 MT per annum. The utilization of installed capacity for pellet production by KIOCL Ltd. during 2015-16 was only 3%, which increased to 42% during 2016-17. The pellet production by KIOCL Ltd. during 2017-18 (upto December, 2017) was 1.7 MT against 1.46 MT during 2016-17. The Committee are concerned to note that against the Plan Outlays of Rs. 1800 crore at BE stage and RE of Rs. 2024.09 crore including capital expenditure of Rs. 496 crore by KIOCL Ltd. the actual utilization till January, 2017 was only Rs. 1.71 crore. Now, for the year 2018-19, plan outlays of Rs. 1782.44 crore have been targeted to be utilized. According to Ministry of Steel, during the last 3 years, viz. 2014-15 to 2016-17, KIOCL Ltd. envisaged various projects in the development of iron ore deposit and setting up various forward and integration projects at the existing plants. However, due to delay in getting the allotment of mine and further statutory clearances, the actual utilisation has been low. Now, during 2017-18, with the issue of Gazette Notification by Government of Karnataka for reservation of 470.40 h.a. Devadari Iron Ore deposit in favour of KIOCL Ltd., the CAPEX in the succeeding months will improve. KIOCL Ltd. has submitted the Mining Plan to Indian Bureau of Mines for approval. This is prerequisite for getting Environmental Clearances, Forest Clearance and other statutory clearances. During the process of forest clearance, the Company will be required to pay Net Present Value (NPV) and Compensatory Afforestation amount to Forest Department in Stage-II. Further, utilization of capital budget allocated to other specific projects is

linked to certain compliances, which are being reviewed/worked out by the Company. The Committee also observe that certain Schemes like development of permanent railway siding at Mangalore, setting up of forward and backward integration with Blast Furnace Unit, Mangalore slipped year after year since 2015-16 pending Statutory Clearances. The Committee feel that with allocation of Devadari Iron Ore Mine to KIOCL Ltd. by Karnataka Government alongwith the concerted and coordinated efforts of Ministry of Steel, KIOCL Ltd. will be able to achieve full utilization of Capital Outlays during 2018-19. The Committee, therefore, recommend that KIOCL Ltd. should focus on completing its various forward and integration projects which were held up due to Statutory Clearances and they be apprised of the action plan of KIOCL Ltd. in this regard.

NEW DELHI;
09 March, 2018
13 Phalguna, 1939 (Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal and Steel

ANNEXURE-I

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 21 FEBRUARY, 2018 IN COMMITTEE ROOM '3', FIRST FLOOR, PARLIAMENT HOUSE ANNEXE EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1130 hrs. to 1300 hrs.

PRESENT

Shri Rakesh Singh- Chairperson

Lok Sabha

2. Shri Chandu Lal Sahu
3. Shrimati Jyoti Dhurve
4. Dr. Banshilal Mahato
5. Shri Godam Nagesh
6. Shri Ravindra Kumar Ray
7. Shri Janardan Singh "Sigriwal"
8. Shri Pashupati Nath Singh
9. Shri Rama Kishore Singh
10. Shri Sushil Kumar Singh

Rajya Sabha

11. Dr. Pradeep Kumar Balmuchu
12. Shri Dilip Kumar Tirkey

SECRETARIAT

1. Shri Ajay Kumar Garg - Director
2. Shri Arvind Sharma - Additional Director

WITNESSES

MINISTRY OF STEEL

1. Dr. Aruna Sharma, Secretary (Steel)
2. Ms. Ruchika Chaudhry Govil, Joint Secretary, M/o Steel
3. Shri Sunil Bharthwal, Joint Secretary, M/o Steel
4. Smt. Urvilla Khati, Joint Secretary, M/o Steel
5. Shri T. Srinivas, Joint Secretary, M/o Steel
6. Dr. Shakuntla, CCA, M/o Steel

STEEL PSUs

7. Shri Anil Chaudhary, Director, SAIL
8. Shri P. Madhusudan, CMD, RINL
9. Shri N. Baijender Kumar, CMD, NMDC Ltd.
10 Shri B.B Singh, CMD, MSTC Ltd.
1. Shri M.P. Chaudhari CMD MOIL Ltd.

2. Shri M.V. Subbarao, CMD, KIOCL Ltd.
3. Shri Atul Bhatt, CMD, MECON Ltd.
4. Shri Rajib Bhattacharya, MD, FSNL
5. Shri P.K. Sinha, MD, Bird Group of Companies

2. At the outset, the Chairperson welcomed the Secretary and other representatives of the Ministry of Steel and Public Sector Undertakings to the sitting of the Committee convened in connection with the examination of Demands for Grants (2018-19) of the Ministry of Steel. The Chairperson then drew their attention to Direction 55 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings. .

3. Thereafter, the Secretary, Ministry of Steel briefed the Committee about the Plan Outlays *vis-a-vis* actual utilization during 2017-18 by the Ministry and PSUs under its administrative control. In a visual presentation, the Committee were apprised about the financial and physical targets set and achieved by the Ministry and Steel PSUs during 2017-18 and the major thrust areas envisaged for the development of Steel Sector for 2018-19.

4. The Committee then discussed the issues relating to the utilization of plan outlays and expenditure by Steel PSUs, research and development initiatives being taken up by the Steel Ministry and Steel PSUs, reasons for decline in profits of some of the Steel PSUs, steps being taken by various PSUs to overcome them, reasons for delay in implementation of various projects, and penalties levied on contractors and fixing of responsibilities for these delays etc.

5. The Members raised their concerns on the above issues and sought clarifications from the representatives of the Ministry of Steel. The Chairperson directed the representatives of the Ministry of Steel to furnish written replies to the queries raised by the Members which could not be responded to during the sitting of the Committee. The Secretary, Ministry of Steel assured the Committee that the same would be furnished within the stipulated time.

A copy of verbatim proceedings of the sitting of the Committee has been kept on record.

The Committee then adjourned.

ANNEXURE-II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 9 MARCH, 2018 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1000 hrs. to 1030 hrs.

PRESENT

Shri Rakesh Singh - Chairperson

Lok Sabha

2. Shri Chandulal Sahu
3. Dr. Banshilal Mahato
4. Shri Godam Nagesh
5. Smt. Riti Pathak
6. Shri Ravindra Kumar Ray
7. Shri Janardan Singh 'Sigriwal'
8. Shri Pashupati Nath Singh
9. Shri Sunil Kumar Singh
10. Shri Krupal Balaji Tumane

Rajya Sabha

11. Shri Ranvijay Singh Judev
12. Shri Ram Vichar Netam
13. Shri Sanjay Singh

SECRETARIAT

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director

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

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

(i)	Draft Report on "Demands for Grants(2018-19)" relating to the Ministry of Steel;			
(ii)	**	**	**	**
(iii)	**	**	**	**
(iv)	**	**	**	**

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

The Committee then adjourned.

**Do not pertain to this Report.