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

MINISTRY OF STEEL

**"Physical and Financial Performance of SAIL and MECON Ltd."
[Action Taken by the Government on the Observations/
Recommendations contained in the Thirty-Seventh Report of the
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**



FORTY-THIRD REPORT

**LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2018/ SHRAVANA, 1940(Saka)**

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the
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**

Presented to Lok Sabha on 02.08.2018

Laid in Rajya Sabha on 02.08.2018



**LOK SABHA SECRETARIAT
NEW DELHI
August, 2018/Shravana 1940(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. Shri Ranjib Biswal
23. Shri Ranvijay Singh Judev
24. Shri Ram Vichar Netam
25. Shri Sanjay Singh^
26. Shri Samir Oraon*
27. Shri Dhiraj Prasad Sahu*
28. Shri Achyutananda Samanta*
29. Prof. Manoj Kumar Jha*
30. Shri Prabhaker Reddy Vemireddy*
31. Vacant

^ Nominated w.e.f. 13.02.2018.

* Nominated w.e.f. 02.06.2018

SECRETARIAT

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

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Forty-Third Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Thirty-Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on "Physical and Financial Performance of SAIL and MECON Ltd." relating to the Ministry of Steel.

2. The Thirty-Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 04.01.2018. Replies of the Government to all the observations/recommendations contained in the Report were received on 19.03.2018.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 25.07.2018.

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

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

**NEW DELHI;
25 July, 2018**

**RAKESH SINGH
Chairperson
03 Shravana, 1940(Saka)Standing Committee on Coal and Steel**

REPORT CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Thirty-Seventh Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on the subject, "Physical and Financial Performance of SAIL and MECON Ltd." relating to the Ministry of Steel which was presented to Lok Sabha and laid in Rajya Sabha on 04.01.2018.

2. The Report contained 14 Observations/Recommendations. The Action Taken Replies have been received from the Ministry of Steel in respect of all the 14 observations/recommendations contained in the Report on 19.03.2018. These have been categorised as follows:-

(i) Observations/Recommendations which have been accepted by the Government:

Serial Nos. 1, 5, 6, 7, 8, 10, 11 and 12

Total : 08
Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:

Serial No. Nil

Total : 00
Chapter-III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Serial Nos. 2, 3 and 14

Total : 03
Chapter-IV

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:

Serial No. 4, 9 and 13

Total : 03
Chapter-V

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to

implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that Action Taken Replies on the Observations/Recommendations contained in Chapter-I and Final Action Taken Notes to the recommendations contained in Chapter-V of this Report be furnished to them within three months.

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

Recommendation No. 1

PHYSICAL PERFORMANCE OF SAIL

5. The Committee noted that over the last 2 years, the SAIL had made considerable progress in enhancing its physical performance. During 2016-17, SAIL achieved highest ever production of crude steel in a year at 14.50 MT with a growth of 2% over the last year and saleable steel at 13.87 MT with a growth of 12% over the last year. During the year 2016-17, SAIL achieved highest ever saleable steel sale and production of Saleable Steel in a year. Further, the Committee also observed that SAIL achieved highest ever Hot Metal production at 15.73 Million Tonnes (MT), Crude Steel production at 14.50 MT and Saleable Steel production at 13.87 MT during financial year 2016-17. The Committee further observed that during the first half of 2017-18, against the plan production of Hot Metal at 7.99 MT, the actuals were 7.61 MT and against crude Steel production target of 7.54 MT, the actuals were 7.13 MT. SAIL had also undertaken expansion of its integrated steel plants at Bhilai, Bokaro, Raurkela, Durgapur and Burnpur and Special Steel Plant at Salem. There were all round improvements in major techno-economic parameters. The Committee appreciated that even in wake of unprecedented increase in input prices and subdued demand for steel, the performance of SAIL on various parameters had improved. At the

same time, the Committee felt that SAIL should step up the good efforts for overall improvement in its physical performance so as to make the company more competitive with other players in the market.

6. In its action taken reply, the Ministry of Steel has stated as under:-

"Several initiatives have been taken by SAIL including appointment of BCG & Experts for suggesting measures for overall growth of SAIL. This has resulted in improved performance upto 9M'2017-18 over the same period last year. The growth in 9M'2017-18 over 9M'2016-17 in respect of Hot Metal is 1%, for Crude Steel growth is 3% and in Saleable Steel is 0.1%. "

7. While reviewing the Physical and Financial Performance of SAIL, the Committee in their original report had appreciated the all round improvements in major techno economic parameters in SAIL despite increase in input prices and subdued demand of steel and had desired that SAIL should step up the good efforts for overall improvement in its physical performance so as to make the company more competitive compared to other players in the market. In their Action Taken Reply, the Ministry of Steel has informed the Committee that for 9M' 2017-18, as compared to 9M' 2016-17, there has been improved physical performance by SAIL to the tune of 1% for Hot Metal, 3% for crude steel growth & 0.1% for saleable steel. It has been further mentioned that these results have been achieved due to several initiatives taken by SAIL including appointment of BCG(Boston Consulting Group) & Experts for suggesting measures for overall growth of SAIL. While appreciating the performance by SAIL, the Committee would also like to be apprised of the major recommendations/ suggestions made by BCG (Boston Consulting Group) & Experts and subsequent initiatives taken by SAIL in this regard.

Recommendation No.2

CAPACITY UTILIZATION BY SAIL PLANTS

8. The Committee observed that against the installed capacity of 12.8 MT of Crude Steel Production during 2014-15, the actual production was 13.90 MT and thus achieving 107% of capacity utilization. Against the installed

capacity of 16.8 MTPA during 2015-16 and 2016-17, the total Crude Steel production by SAIL was 14.27 MT and 14.50 MT respectively showing 85% and 86% of capacity utilization. The Committee also noted that the installed capacity of crude steel by SAIL after modernization and expansion programme will be increased from 12.8 MTPA to 21.4 MTPA after operations at all plants come to stream. Although, the Committee were happy to note that Bhilai Steel Plant and Durgapur Steel Plant had exceeded in production as far as their installed capacity is concerned, they are concerned to note the poor performance of Rourkela Steel Plant(RS), IISCO Steel Plant(ISP), Alloy Steel Plant(ASP), Salem Steel Plant (SSP) and Visvesvaraya Iron Steel Plant(VISP) that could achieve only 79%, 56%, 38%, 60% and 33% of their installed capacity of Crude Steel during 2016-17. While appreciating the highest ever Hot Metal, Crude Steel and Saleable Steel Production by SAIL during 2016-17, the Committee desired that the Company should take all necessary steps to address all the bottlenecks which hampers full capacity utilisation of these plants so that production targets for 2017-18 which were lagging behind during the first half of the year were fully achieved. The Committee would also like to be apprised of the reasons for very poor capacity utilization by other plants of SAIL and the steps taken by the company to ensure that all the plants operate at their full installed capacity.

9. In its action taken reply, the Ministry of Steel has stated as under:-

"2016-17

- Capacity utilization at Bhilai Steel Plant and Durgapur Steel Plant was 121% and 113% respectively.
- Capacity utilization at Bokaro Steel Plant was 72% as Hot Metal and Crude Steel production was restricted at Bokaro Steel Plant due to high slab stocks.
- Capacity utilization at Rourkela Steel Plant and IISCO Steel Plant was lower at 79% and 56% as new facilities were under stabilization.
- Capacity utilization at Alloy Steels Plant, Salem Steel Plant and Visvesvaraya Iron & Steel Plant was lower as production was curtailed as per market orders."

10. The Committee while examining the capacity utilization by different plants of SAIL had observed that though Bhilai Steel Plant

and Durgapur Steel Plant had exceeded production as compared to their installed capacity, Rourkela Steel Plant(RS), IISCO Steel Plant(ISP), Alloy Steel Plant(ASP), Salem Steel Plant (SSP) and Visvesvaraya Iron Steel Plant(VISP) could achieve only 79%, 56%, 38%, 60% and 33% respectively of their installed capacity of Crude Steel during 2016-17. In view of the low capacity utilization by these steel plants, the Committee had desired that necessary steps be taken to bring these plants to operate at their full capacity by addressing all issues which hamper the same. In their Action Taken Reply, the Ministry has informed the Committee about the various reasons for low capacity utilization by several steel plants of SAIL. According to Ministry of Steel, capacity utilization at Bokaro Steel Plant was 72% as Hot Metal and Crude Steel production was restricted due to high slab stocks and at Rourkela Steel Plant and IISCO Steel Plant, lower capacity utilization at 79% and 56% was due to new facilities being under stabilization. Further, Capacity utilization at Alloy Steels Plant, Salem Steel Plant and Visvesvaraya Iron & Steel Plant was lower as production was curtailed as per market orders. Although, the Ministry have cited various reasons for low capacity utilization by some of the SAILs Plants, the Committee find that the reply of the Ministry is silent on the steps taken to ensure that all the plants operate at their full installed capacity. The Committee, therefore, reiterate their earlier recommendation and desire that appropriate steps should be taken by Ministry of Steel /SAIL to ensure full capacity utilization by these plants. The Committee would also like to be apprised of the steps taken by SAIL to ensure timely lifting/sale of high slab stocks at Bokaro Steel Plant.

Recommendation No.3

AVAILABILITY OF RAW MATERIAL AND CAPTIVE MINING BY SAIL **Iron Ore**

11. The Committee noted that SAIL has captive mines of iron ore, coal, Limestone & Dolomite. During the year 2016-17, SAIL mines produced 26.44

MT of iron ore and the entire iron ore requirement of SAIL plants was met through the captive mines of SAIL. After the ongoing modernization and capacity enhancement of SAIL, Hot Metal production is expected to touch a level of 23.46 MTPA. At this stage, the requirement of Iron Ore shall be 39 MTPA and SAIL mines were geared up to meet this expected demand fully through captive mines. The Committee further observed that in order to expedite capacity expansion projects, SAIL has obtained extended mining leases of ML-162 of Barsua-Taldih-Kalata Iron Ore Mine in Odisha, Nandini Limestone Mine and Hirri Dolomite Mine of Bhilai Steel Plant in Chhattisgarh. The Committee were, however, concerned to note that forest clearance in respect of Kiriburu Meghaha Tuburu iron ore mines, Gua Ore Mines and Chiria, Jharkhand, Kalwar-Nagur Iron Ore Mines Project under Bokaro Steel Plant were pending with the Ministry of Environment, Forest & Climate Change. The Committee also note with concern about non-development of Kalwar and Rowghat iron ore mines in Chhattisgarh for which stage-II forest clearance was granted way back in August, 2009. In line with expected Hot Metal production target of 23.46 MTPA for which the requirement of Iron Ore is 39 MTPA, the Committee recommend that Ministry of Steel/SAIL should vigorously pursue with Ministry of Environment, Forest and Climate Change and impress upon them to grant forest clearance for the projects under reference without further delay. The Committee would like to be apprised of the steps taken by the Ministry in this regard.

12. In its action taken reply, the Ministry of Steel has stated as under:-

1. "Delay in grant of Stage-II forest clearance(FC)

Grant of Stage-II Forest Clearance's (FC) for Gua, Kiriburu-Meghahatuburu and Chiria mines of SAIL in Saranda forest in Jharkhand is pending at Ministry of Environment, Forest & Climate Change (MoEFCC) from 30.07.2015, 13.07.2015 & 22.09.2014, respectively (for about two years).

The matter of Stage-II FC for Gua which is required is regularly being monitored in Project Monitoring Group (PMG) of PMO. During review meeting of PMG of PMO on 15.12.2017, MoEFCC informed that final decision of Competent Authority on Mining Plan for Sustainable Mining (MPSM) for Saranda Forest is still awaited.

A meeting was held with DGF&SS, MoEFCC on 05.10.2017, wherein it transpired that now Zone-I & Zone-II, as proposed in MPSM has been merged and Stage-II FC for the Duargaiburu lease of Gua and South-Central Block of Kiriburu-Meghahatuburu mines will be granted shortly.

Ministry of Steel is actively pursuing the matter with MoEFCC. The details of the efforts made by Ministry of Steel in this regard in recent time are appended below:-

- Hon'ble Steel Minister discussed the matter of delay in grant of Stage-II FC with Minister MoEFCC during the meeting held on 08.06.2016 and 21.02.2017.
- To expedite pending Stage-II FC in Saranda Forest in Jharkhand including Chiria leases, Ministry of Steel vide letter dtd 29.09.2016 submitted its comments on Draft Mining Plan for Sustainable Mining(MPSM) of MoEFCC and requested that mineralised area of Ankua Forest Block in which Chiria mine is located should be excluded from no mining zone .
- To expedite the proposals of grant of pending Stage-II FC for SAIL Mines in Jharkhand, Secretary, Ministry of Steel held a meeting with Secretary, MoEFCC on 02.12.2016
- Secretary Steel vide letter dtd 07.02.2017 requested Secretary MoEFCC to expedite pending Stage-II FC and copy of the letter was also forwarded to Principal Secretary to PMO.
- The member of consultative committee, Ministry of Steel & Mines, & Member of Parliament, Sri Laxman Giluwa vide letter dated 02.02.2017 & 21.06.2017 requested Hon'ble Minister, MoEFCC to expedite grant of pending forest clearance for SAIL mines in Saranda forest.
- The matter of delay in grant of Stage-II FC was also discussed during Consultative Committee of Ministry of Steel meeting held on 10.06.2017 at Dharamshala.
- During review by PMG of PMO on 25.08.2017 and 15.12.2017, MoEFCC informed that final decision of Competent Authority on MPSM for Saranda Forest is still awaited.
- A workshop on "Co-Existence of Mining Industries & Forest-Challenges & Way Forward" was organised by SAIL at Kolkata on 23.09.17. During the workshop, issues related to grant of Stage-II FC's for Kiriburu-Meghahatuburu, Gua & Chiria were appraised to DGF&SS, MoEF&CC, GoI.

2. Non development of Rowghat and Kalwar-Nagur iron ore mines of Bhilai Steel Plant(BSP)

2.1 Rowghat iron ore mine

Rowghat mine in the past could not be developed, even though Stage-II FC was granted by MoEFCC in August, 2009, on account of law and order issue in the area. Development activities in the area could resume after deployment of Central Security Forces. Necessary

infrastructure for setting up of security barracks for the forces for providing security to Rowghat Mining Project & Dalli-Rajhara-Rowghat Rail link project is being provided by SAIL with an investment of about Rs.417Crore.

For development of 14 MTPA mine at Rowghat, SAIL has appointed an MDO. In this regard, the Mining Service Agreement (MSA) for a period of 30 years including 5 years of construction from the effective date of contract was signed with MDO on 25.09.2017.

2.2 Kalwar-Nagur iron ore mine

Stage-II FC for diversion of 17 ha of forest land out of 938.059 Ha of Kalwar-nagur lease was granted by MoEFCC on 07.01.2008. Mine in the past could not be developed on account of delay in grant of environment clearance.

For development of 1 MTPA iron ore mine at Kalwar-Nagur lease, Chhattisgarh, the EC proposal was considered by Expert Appraisal Committee (EAC) of MoEFCC on 25.04.2016 wherein EAC has recommended for grant of EC for the limited forest land of 17 Ha out of 938.059 Ha in Kalwar-Nagur lease. But instead of grant of EC, MoEFCC is now insisting that unless SAIL deposits NPV for entire forest land in the mining lease or surrenders the excess forest land, EC for the project will not be issued.

- In the matter of payment of Net Present Value (NPV) for entire forest land in a lease by a Govt. Company, Secretary Steel vide letter dated 21.03.2016 had sought clarification from MoEFCC and the same are still awaited.
- Further, SAIL has challenged the MoEFCC guideline dtd 01.04.2015 in Jharkhand High Court which provides payment of NPV for entire forest land in a mining lease. Hon'ble Jharkhand High Court had stayed the notices of Jharkhand State Govt. through which demand for payment of NPV for entire forest land was raised. Matter is still pending.
- Further, vide letter dated 03.05.2017, CCF, Kanker, Chhattisgarh asked SAIL to deposit NPV of Rs.96.28 Crore for the remaining forest land in Kalwar-Nagur lease. SAIL vide letter dated 24.06.2017, informed Additional PCCF, Chhattisgarh that as of now SAIL has not applied for diversion of remaining forest land in Kalwar-Nagur lease, therefore, payment of NPV under section 2(ii) of FC Act at this juncture is not justifiable.
- Recently on 18.12.2017, Joint Secretary, MoEFCC convened a meeting and advised SAIL to deposit the NPV of the entire forest land in the lease amounting to Rs.96 Crore else the Chhattisgarh State Govt. will initiate the process for cancellation of mining lease notwithstanding the fact that the lease has already been extended by the State Government on 14.03.2016 till 31.03.2025.

- SAIL has submitted that since the matter regarding payment of NPV for entire forest land in a mining lease is under adjudication, therefore EC for Kalwar-Nagur lease be granted so that SAIL can start development of mine to meet the increased requirement of iron ore post modernisation. Grant of EC is awaited."

13. Noting that several mines of SAIL are under litigation, thereby hampering the growth in performance of the Company on the whole, the Committee had desired that these pending issues/matters be vigorously pursued with Ministry of Environment, Forest and Climate Change to expedite their clearance and find a viable solution as well. But the Committee are unhappy to note that not much progress has been made even after the recommendation made by the Committee in this regard in their original Report. According to Ministry of Steel, Grant of Stage-II Forest Clearance's (FC) for Gua, Kiriburu-Meghahatuburu and Chiria mines of SAIL in Saranda forest in Jharkhand is pending with the Ministry of Environment, Forest & Climate Change (MoEFCC) from 30.07.2015, 13.07.2015 & 22.09.2014, respectively (for more than two years). The Committee have been informed that the matter of Stage-II FC for Gua is regularly being monitored in Project Monitoring Group (PMG) of PMO and on 15.12.2017, MoEFCC informed that final decision of Competent Authority on Mining Plan for Sustainable Mining (MPSM) for Saranda Forest is still awaited. Further, Stage-II FC for the Duargaiburu lease of Gua and South-Central Block of Kiriburu-Meghahatuburu mines is likely to be granted shortly. Regarding the 14 MTPA Rowghat Iron Ore Mine, Ministry of Steel has informed the Committee that in the past this mine could not be developed, even though Stage-II FC was granted by MoEFCC in August, 2009, on account of law and order issue in the area. Now, for development of this mine, SAIL has appointed a Mine Developer cum Operator (MDO) and Mining Service Agreement (MSA) for a period of 30 years including 5 years of construction from the effective date of contract which was signed with MDO on 25.09.2017. The Committee further note that even though the Stage-II FC for diversion of 17 ha of

forest land out of 938.059 ha of Kalwar-nagur lease was granted by MoEFCC on 07.01.2008, the Mine could not be developed due to delay in grant of environment clearance. On 18.12.2017, Joint Secretary, MoEFCC advised SAIL to deposit the Net Present Value (NPV) of the entire forest land in the lease else the Chhattisgarh State Govt. will initiate the process for cancellation of mining lease though the lease has already been extended by the State Government on 14.03.2016 till 31.03.2025. SAIL has submitted that since the matter regarding payment of NPV for entire forest land in a mining lease is under adjudication, therefore EC for Kalwar-Nagur lease be granted so that SAIL can start development of mine to meet the increased requirement of iron ore post modernisation. The Grant of EC is still awaited. The Committee note that except for Stage-II FC for the Duargaiburu lease of Gua & South Central Block of Kiriburu – Meghahatuburu mines, the FC in respect of other mines are still pending at various stages which is a matter of great concern. The Committee feel that such huge delays in granting forest clearance is likely to hamper the availability of raw material after expansion of the capacity of its steel plants requiring 39 MTPA of iron ore. The Committee, therefore, desire that Ministry of Steel should urgently address all the pending issues at the highest level and they be apprised of the outcome thereof. The Committee would also like to be apprised of the latest status regarding the Kalwar-Nagur Iron Ore Mine after the convening of the meeting by the Joint Secretary, MOEFCC on 18.12.2017.

Recommendation No.5

CAPTIVE POWER GENERATION BY SAIL

14. The Committee observed that SAIL had laid stress on reliability of power supply in its plants and strengthening of the power distribution system of Bokaro Steel Plant (BSL) with Damodar Valley Corporation (DVC) grid at 220 KV which has already been commissioned. With this, all the Integrated Steel Plants of SAIL are now connected with utility grids at 220 KV level,

which enhances the reliability of grid power supply and lowers the tariff of grid power as well as open access charges for having grid connectivity at such high voltages. The Committee also took note of the fact that captive power generation by SAIL during 2016-17 increased to 820 MW from 785 MW during 2015-16 showing a growth of 4.5%. The Committee were happy to note that captive power generation capacity were being further augmented by capacity addition of 290 MW through NSPCL (joint venture of NTPC & SAIL). Further, orders for supply and installation of Power Plants of 1 x 250 MW at Rourkela Steel Plant and 2 x 20 MW at Durgapur Steel Plant were placed during the year. These Plants are expected to commence commercial operations during the Year 2019-20. It had also been brought to the notice of the Committee that as a part of commitment towards development of renewable energy, the SAIL had already installed a capacity of 1070 KWp rooftop solar plants at various locations and 1 MWp grid interactive solar plant at RSP. Further, actions for installation of 200 MWp capacity solar plants at various SAIL Plant locations had also been initiated. While appreciating the efforts of SAIL for captive power generation and its augmentation programme, the Committee desired that SAIL should also commit itself for development of renewable energy and grid interactive solar plants at various locations of SAIL plants in a fixed timeframe to reduce its carbon footprint on the line of one being setup at RSP. The Committee would like to be apprised of the action plan of SAIL in this regard.

15. In its action taken reply, the Ministry of Steel has stated as under:-

"SAIL has taken initiatives for installation of grid interactive solar plants at its various plant locations. Notice Inviting Tender (NIT) has already been issued for total capacity of 102 MWp grid interactive solar plants to be installed at Salem, Durgapur, Kulti and Bhilai. Land has also been finalized for installation of another 60 MWp capacity at Rourkela and Bokaro and Feasibility Report is under preparation for the same. Besides this, Installation of 2000 KWp rooftop solar plants on the rooftop of various SAIL buildings at Bokaro is also in progress."

16. While observing augmentation of captive power generation capacity of SAIL, the Committee in their original Report had appreciated the initiatives taken by SAIL for installation of grid

interactive solar plants at its various plant locations. The Ministry of Steel has informed the Committee that Notice Inviting Tender (NIT) in this regard has been issued for total capacity of 102 MWp grid interactive solar plants to be installed at Salem, Durgapur, Kulti and Bhilai. Land has also been finalized for installation of another 60 MWp capacity at Rourkela and Bokaro. Besides this, work relating to Installation of 2000 KWp rooftop solar plants on the rooftop of various SAIL buildings at Bokaro is also in progress. In wake of these developments and keeping in mind SAIL's commitment for clean environment, the Committee would also like to be apprised of any time frame/action plan that has been chalked out by SAIL to reduce its carbon footprint by laying emphasis on development of renewable energy and encouraging grid interactive solar plants on the lines of the one already setup by the company at Rourkela.

Recommendation No.10

INITIATIVES BY GOVERNMENT

17. The Committee noted that the Government had taken a slew of measures to protect the steel industry from the onslaught of cheap imports resulting in huge slump in domestic steel sector from 2014-15 onwards. The steps taken by the government inter-alia include increase in basic custom duty, levying of anti-dumping duty, notification of Minimum Import Price (MIP) and imposition of provisional safeguard duty on certain items, amending the Steel and Steel Products (Quality Control) Order, 2012 etc. The Committee also noted that MIP had since been completely phased out after 4th February, 2017 and all the items covered under MIP were now covered under the Anti-Dumping Duty (ADD) imposed by the Government. While appreciating the steps taken by the Government to bail out the domestic steel Industry from cheap imports of steel products by imposing anti-dumping duty on import of Wire Rod of Alloy or Non-Alloy Steel, colour-coated sheets, seamless tubes, pipes and hollow profiles of iron, alloy or non-alloy steel, HR coils, HR plates, CR products, the Committee recommended

that every effort should be made by the Government to check onslaught of cheap imports on domestic steel sector and a mechanism may be put in place to monitor the imports of steel and its impact on domestic steel sector from time to time. In view of the targeted 300 MT production of Steel by 2025, the Committee also felt that the Ministry of Steel should pursue with the Ministry of Finance and the Ministry of Commerce to give more incentives to the domestic steel industry so that more and more capacity addition projects were commissioned under 'Make in India' campaign.

18. In its action taken reply, the Ministry of Steel has stated as under:-

"Ministry of Steel in consultation with the industry stakeholders taken up the issues with Ministry of Finance and Ministry of Commerce to facilitate growth of the strategically important steel industry.

Ministry of Steel had earlier supported trade remedial measures like Minimum import Price, Anti-Dumping Duty, Safeguard Duty to protect the domestic industry from unfairly traded imports. Ministry of Steel is also pursuing Ministry of Finance for rationalization of import duty structure of critical raw materials for steel industry."

19. Expressing its concern towards the adverse effects on domestic Steel Industry due to the surge of cheap imports, the Committee in their original Report had recommended that a mechanism be put in place to monitor the imports of steel and its impact on the domestic steel sector. The Committee are, however, concerned to note that the reply of the Ministry is silent on the matter. The Committee, therefore, reiterate its earlier recommendation and desire that the impact of cheap imports on the domestic steel industry should be carefully monitored so that appropriate and timely action could be taken.

20. The Committee in their original Report had also rooted for more incentives to domestic steel industry to revive the sector and to ensure 300 MT production target by 2025. In this regard, the Committee note that the Ministry of Steel in consultation with the industry stakeholders is pursuing the matter of rationalization of import duty structure of critical raw materials for the steel industry

and the other issues with the Ministry of Finance and Ministry of Commerce to facilitate growth of the strategically important steel industry. The Committee would like to be apprised of the concrete outcome of these initiatives of Ministry of Steel.

Recommendation No.14

SECURING JOBS ON NOMINATION BASIS FOR MECON LTD.

21. The Committee were happy to note that MECON Ltd. had pipeline projects worth about Rs. 18,000 Cr. (executed and in hand) till date. Several prestigious gas pipeline projects (such as the Bawana Nangal Pipeline,) were successfully completed by MECON for M/s Gas Authority of India Ltd. (GAIL). GAIL had recently awarded Engineering & Project Management Consultancy (EPMC) services to MECON Ltd. for the Pradhanmantri Urja Ganga Pipeline Project (excluding the Dobhi – Haldia segment in Eastern Region of the Country). MECON's scope of work involves a pipeline length of 1813 km (approx.) (from Phulpur to Dobhi and Bokaro to Dhamra), entailing an Investment of about Rs. 7,867 Cr. MECON's fee for the job is about Rs. 108.2 Cr (excluding GST and site related expenses). MECON Ltd. has also been awarded EPMC services by M/s GAIL for developing the City Gas Distribution (CGD) networks in 6 cities along the Urja Ganga (viz. Varanasi, Bhubaneswar, Cuttack, Patna, Ranchi & Jamshedpur). On similar lines MECON Ltd. had sought Government support for securing jobs on nomination basis from PSUs within Ministry of Steel such as SAIL, RINL, NMDC Ltd., MOIL, KIOCL, MSTC etc. in line with those being secured from GAIL. The Committee desired that the Ministry of Steel should consider adequate support sought by MECON for securing jobs from Steel PSUs on nomination basis only at compatible prices so that MECON Ltd. could regain its foothold in the business and therefore urged the Ministry of Steel to do the needful in the matter. The Committee would like to be apprised of the action taken in this regard.

22. In its action taken reply, the Ministry of Steel has stated as under:-

"The matter is under consideration of this Ministry."

23. While examining the physical and financial performance of MECON Ltd., the Committee in their original Report (16th Lok Sabha) had noted that after showing good performance/profit in its initial years, MECON Ltd. was struggling to keep itself in business since 2016-17 and its profitability had been adversely affected. At the same time, the Committee also appreciated the fact that MECON Ltd had shown improvement in its business procurement parameters during the last 3 years. Encouraged by this and noting that currently MECON Ltd. has many prestigious projects in hand, the Committee had desired that Ministry of Steel should render full support and assistance to MECON Ltd. for securing jobs from Steel PSUs on nomination basis. In their action taken reply, the Ministry has not made any firm commitment in this regard and have simply stated that the matter is under consideration. Not satisfied with their reply, the Committee reiterate their earlier recommendation and recommend the Ministry of Steel to take concrete necessary steps in the matter so that MECON Ltd. could secure jobs from Steel PSUs at compatible prices. The Committee may be apprised of the outcome of the 'consideration process' which is underway.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No.1

PHYSICAL PERFORMANCE

The Committee note that over the last 2 years, the SAIL has made considerable progress in enhancing its physical performance. During 2016-17, SAIL achieved highest ever production of crude steel in a year at 14.50 MT with a growth of 2% over the last year and saleable steel at 13.87 MT with a growth of 12% over the last year. During the year 2016-17, SAIL achieved highest ever saleable steel sale and production of Saleable Steel in a year. Further, the Committee also observe that SAIL achieved highest ever Hot Metal production at 15.73 Million Tonnes (MT), Crude Steel production at 14.50 MT and Saleable Steel production at 13.87 MT during financial year 2016-17. The Committee further observe that during the first half of 2017-18, against the plan production of Hot Metal at 7.99 MT, the actuals were 7.61 MT and against crude Steel production target of 7.54 MT, the actuals were 7.13 MT. SAIL had also undertaken expansion of its integrated steel plants at Bhilai, Bokaro, Raurkela, Durgapur and Burnpur and Special Steel Plant at Salem. There were all round improvements in major techno-economic parameters. The Committee appreciate that even in wake of unprecedented increase in input prices and subdued demand for steel, the performance of SAIL on various parameters has improved. At the same time, the Committee feel that SAIL should step up the good efforts for overall improvement in its physical performance so as to make the company more competitive with other players in the market.

Action Taken

Several initiatives have been taken by SAIL including appointment of BCG & Experts for suggesting measures for overall growth of SAIL. This has resulted in improved performance upto 9M'2017-18 over the same period last year. The growth in 9M'2017-18 over 9M'2016-17 in respect of Hot Metal is 1%, for Crude Steel growth is 3% and in Saleable Steel is 0.1%.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Comments of the Committee

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

Recommendation No.5

Power

The Committee observe that SAIL has laid stress on reliability of power supply in its plants and strengthening of the power distribution system Bokaro Steel Plant (BSL) with Damodar Valley Corporation (DVC) grid at 220 KV which has already been commissioned. With this, all the Integrated Steel Plants of SAIL are now connected with utility grids at 220 KV level, which enhances the reliability of grid power supply and lowers the tariff of grid power as well as open access charges for having grid connectivity at such

high voltages. The Committee also take note of the fact that captive power generation by SAIL during 2016-17 increased to 820 MW from 785 MW during 2015-16 showing a growth of 4.5%. The Committee are happy to note that captive power generation capacity is being further augmented by capacity addition of 290 MW through NSPCL (joint venture of NTPC & SAIL). Further, orders for supply and installation of Power Plants of 1 x 250 MW at Rourkela Steel Plant and 2 x 20 MW at Durgapur Steel Plant were placed during the year. These Plants are expected to commence commercial operations during the Year 2019-20. It has also been brought to the notice of the Committee that as a part of commitment towards development of renewable energy, the SAIL has already installed a capacity of 1070 KWp rooftop solar plants at various locations and 1 MWp grid interactive solar plant at RSP. Further, actions for installation of 200 MWp capacity solar plants at various SAIL Plant locations have also been initiated. While appreciating the efforts of SAIL for captive power generation and its augmentation programme, the Committee desire that SAIL should also commit itself for development of renewable energy and grid interactive solar plants at various locations of SAIL plants in a fixed timeframe to reduce its carbon footprint on the line of one being setup at RSP. The Committee would like to be apprised of the action plan of SAIL in this regard.

Action Taken

SAIL has taken initiatives for installation of grid interactive solar plants at its various plant locations. Notice Inviting Tender (NIT) has already been issued for total capacity of 102 MWp grid interactive solar plants to be installed at Salem, Durgapur, Kulti and Bhilai. Land has also been finalized for installation of another 60 MWp capacity at Rourkela and Bokaro and Feasibility Report is under preparation for the same. Besides this, Installation of 2000 KWp rooftop solar plants on the rooftop of various SAIL buildings at Bokaro is also in progress

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Comments of the Committee

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

Recommendation No.6

FINANCIAL PERFORMANCE

The Committee feel that though SAIL has slowly and steadily managed to come on track after suffering initial setbacks during last 2 years, a lot is yet to be accomplished. For this, various measures like better fund management, enhancing operational efficiency, striving for higher sales volume and high net sales realization are needed. As regards the financial performance of SAIL during the last 3 years, the Committee observe that the gross turnover which was Rs. 50627 crore during 2014-15 was reduced to Rs. 43294 crore during 2015-16 and again rose to Rs. 49180 crore during 2016-17. During the first half of Financial Year 2018, the net sale is Rs. 24898 crore as compared to Rs. 18472 crore during H1 of the financial year 2017 showing improvement of 23%. According to the Ministry of Steel, there

has been a dip in the financial performance of SAIL from 2015-16 mainly because of rise in interest which rose from Rs. 1457 crore in 2014-15 to Rs. 2528 crore during 2016-17 and depreciation which has risen from Rs. 1773 crore during 2014-15 to Rs. 2680 during 2016-17. The Committee note that despite increase in higher imported and indigenous coal prices, high royalty on iron ore, depreciation, increase in store and spares and repair and maintenance expenses, SAIL's financial performance has shown positive trend with Earning Before Income, Tax, Depreciation and Amortization (EBIDTA) improving from Rs. -2204 crore during 2015-16 to Rs. 672 crore during 2016-17 and during the financial year 2018, it has shown a positive trend at Rs. 989 crore with improvement of 88% due to higher Net Sales Realization (14%) and Sales Volume (8.7%). While appreciating the concerted efforts made by SAIL, the Committee desire that the Company should keep the momentum going on and ensure effective implementation of various initiatives undertaken by them to improve its performance which would help them to regain its lost glory. The Committee would like to be apprised of the progress made in its financial performance as a result of various initiatives undertaken by them.

Action Taken

Measures taken by SAIL in bringing down the costs of production and improving the profitability are as under:-

- Reduction in consumption level of raw materials like Coal, Iron Ore, Fluxes, etc and bringing down cost of raising iron ore & clean coal in mines.
- Production optimization and product-mix improvement.
- Improvement in techno-economic parameters.
- Index based pricing mechanism for coking coal.
- Rationalization of manpower.
- Imposition of tariff and non-tariff barriers including Anti-dumping and Safeguard duties, expanding scope of steel quality control orders, etc.
- Identification and closure of uneconomic activities.
- Rationalizing production from relatively inefficient routes of production.
- Waste management.
- Full utilisation of engineering shops and replacing purchased items.
- Strict control on demurrage expenses.
- Reduction in number of service contracts.
- Reduction in procurement cost through strict monitoring.
- 10% Reduction in the various items of administrative expenses.
- Re-negotiation of prices of long term contracts for cutting down procurement price where deliveries are still pending.
- De-proprietorisation of items of stores & spares, plant & machinery, maintenance services, etc.
- Reduction in inventory of finished/semi-finished products, stores & spares and raw materials, etc.
- Monitor and reduce handling and transit losses of imported coal.
- Reduction in logistic cost for transportation of coal being imported

SAIL - Financial Performance**('Rs. Crores)**

Year	Turnover (Gross)	EBIDT A	Interest	Depreciation	Profit Before Tax (PBT)	Profit After Tax (PAT)
2014-15	50627	5586	1454	1773	2359	2093
2015-16	43294	- 2204	2300	2402	-7008	-4021
2016-17	49180	672	2528	2680	-4851	-2833

SAIL - Financial Performance (H1 FY 18)

	H1 FY 16	H1 FY 17	H1 FY 18	(%) Improvement
Net Sales Rs. Crores	18472	20162	24898	+23%
EBIDTA Rs. Crores	-534	527	989	+88%
Interest Rs. Crores	1048	1197	1231	+3%
Depreciation Rs. Crores	980	1266	1457	+15%
Exceptional Expenses Rs. Crores	--	243	329	+86 Crores
PBT Rs. Crores	-2562	-2179	-2028	+6.9%
PAT Rs. Crores	-1356	-1268	-1340	*-5.7%
EBIDTA to Net revenue Ratio	-2.9%	2.6%	3.9%	+50%

*Tax benefit on Investment Allowance was available till 31.03.2017. Penalty under Common Cause of Rs.330 Crores was not considered as allowable expenses.

The financial results of the Company for nine months ending on 31.12.2017 is given below:-

Year	Turnover (Gross)	Gross Margin (EBIDT A)	Int.	Depreciation	Exceptional Abnormal Items Gains (-) / Loss (+)	Profit(+) / Loss (-) Before Tax (PBT)	Tax	Net Profit (+) / Loss(-) After Tax (PAT)
9M 16-17	35101	562	1808	1936	-250	-3432	-1370	-2062
9M 17-18	41486	2560	1906	2216	-383	-1945	-648	-1297

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Recommendation No.7**SALES & MARKETING**

The Committee note that with a view to reshape its marketing strategy ensuring best value realization for SAIL products, SAIL has undertaken conversion of semis to finished products. For this purpose, a Special Initiatives Group (SIG) headed by an Executive Director (ED) was formed in April, 2017 with a view to enhance SAIL's product basket so as to provide better value to the customers. The Group has identified areas like Ready-to-Use Re-bars, Colour Coated Products and Crash Barriers, etc. for expanding

business. Entry into new markets overseas is also being made with the help of expansion of product basket and improvement in product quality from the modernised mills. Some of the new markets developed are Djibouti (Billets), Taiwan (HR Coil), Philippines (Wire Rod Coils/Billet), Thailand (Bloom), Bangladesh (CR Coil). SAIL has also introduced several improvements in service parameters such as Cost & Freight (CFR)/Cost Insurance & Freight (CIF) deliveries instead of only Free on Board (FOB) supplies, better payment terms, reduction in delivery schedule, faster handling of enquiries, Third Party Inspection, etc. In addition, a Sales Force Effectiveness (SFE) Programme is being introduced to improve the effectiveness of sales and marketing team with a more structured approach towards customer interface alongwith a Key Account Management (KAM) process aimed at bringing more focus on the top customers. The Committee hope that with these initiatives, SAIL would be able to achieve a better customer satisfaction and improved market share. The Committee would like to be apprised of the achievements made as a result of sales and marketing initiatives undertaken by SAIL.

Action Taken

Special Initiative Group was formed to explore areas of value addition and to make available ready to use steel. Out of various initiatives identified by the group, tendering process has been initiated in Eastern Region for conversion arrangement for Crash Barriers. In Northern and Eastern Regions also tendering process is on. Empanelment of parties for Rebar processing has been completed in Western Region. In other areas process for tendering is under progress.

Various initiatives taken for exports have resulted in higher exports of finished steel during the current FY. Share of finished steel in total steel exports has gone up from 27% in Apr-Dec'16 to 54% in Apr-Dec'17 with increase in volume of finished steel from 1.45 lakh tonnes in Apr-Dec'16 to 2.46 lakh tonnes in Apr-Dec'17. Exports of certain products such as Structurals and TMT bars have been booked for the first time. Exports of Cold Rolled Coils have been started from the new mill of Bokaro Steel Plant. A trial order of Cold Rolled Coils from CRM-III of Bokaro Steel Plant to Europe is being serviced.

Sales Force Effectiveness Programme (SFE) is an intensive and structured customer contact program with focus on tapping the high potential customers, increasing the customer base, developing the database of customers and knowledge enhancement of the field executives for improving overall effectiveness of the sales force. Till 31st December, 2017, SFE has been rolled out in 31 branches of CMO and the process of rolling it in balance branches is on.

An online IT module in SAP has been developed to capture the SFE related data including details of customer visits. Various online reports have been developed to generate the output of data entered in SAP-CRM module for review/analysis purposes. During Oct-Dec'17, 3148 customer visits were undertaken by the field executives, as part of the SFE initiative. Such vigorous customer contact is aimed at adding new customers to SAIL fold and market products of new mills, in addition to retaining existing customer base.

Pilot run of Key Account Management (KAM) process for 17 customers spanning Chandigarh, Kolkata and Mumbai has already started.

According to Joint Plant Committee (JPC), during Apr-Dec'17, SAIL's market share has increased to 15% from 13.8% in corresponding period last year.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Recommendation No.8

AUGMENTING RURAL CONSUMPTION OF STEEL

The Committee have time and again emphasized that there is immense possibility in rural areas where the per capita consumption of steel is 12 kg only. The Committee observe that a significant usage of steel will be done in the houses constructed under the Pradhan Mantri Awas Yojna - Gramin (PMAY-G) wherein steel intensive structures will be used to built the houses. These houses get ready quickly and are cheaper. In its efforts for enhancing the steel consumption in rural areas, the Committee note that SAIL has started a new initiative 'SAIL Steel - *Gaon Ki Ore*' aimed at boosting steel consumption in the country. The Gaon ki Ore campaign is designed to familiarize end users at the grass-root level, especially of rural areas like masons, artisans, individual house builders, gram panchayat members and eminent local personalities, etc., with innovative usage of SAIL steel and its applications and advantages in the fields of construction, household equipment, agriculture, etc. Through engagement activities, the awareness is spread amongst audience about the advantages of using the steel in terms of increased durability, life, safety and longevity of any construction and product. The Committee also note that SAIL's product basket has branded products like SAIL TMT, SAIL Jyoti GP/GC sheets, Salem stainless utensils products in its basket which fit the rural requirements well and has popular acceptance. A nation-wide campaign and workshops have been organised at various locations/States which strategically aims to develop a strong link with consumers through direct engagement. All workshops of the campaign are designed to familiarize participants about SAIL's production process, product range, applications and advantages and the interactive sessions are conducted in local language for easier connect with audience. The Committee are happy to note that as a result of these efforts being made by the company, its Sales have jumped up in the month of August 2017 over Corresponding Period Last Year (CPLY) selling 91000 tonnes of steel in the month. While acknowledging this achievement of SAIL, the Committee desire that during these direct interactions and awareness programmes, feedback from the participants may be taken so that specific need based products of the rural consumers may be identified thereby enabling SAIL to produce and market these products to the rural consumers accordingly.

Action Taken

SAIL's new Rural communication exercise- 'SAIL Steel - गांव की ओर' is directed towards popularizing of steel amongst the rural masses. A total of 61 such programmes have been organised through out the country till December 2017. The programme has found wide acceptance amongst the

audience as focus is mainly on the usage of steel products and its advantages in terms of durability, convenience, longevity etc.

Every programme concludes with a question answer session where the participants are encouraged to raise queries and provide suggestions for increasing reach of SAIL products. The suggestions provided were generally with respect to regular availability of smaller diameter of TMT bars, which is being augmented with expansion of capacity of TMT bars and also through conversion of Semis into TMT bars of lower diameter. These programmes have enabled to promote usage of steel in far flung areas and establish linkage with the potential customers. This communication exercise is likely to contribute further towards a consistent increase in retail sales which is being presently witnessed. During April-December 2017, dealer sales have increased to 6.3 lakh tonnes, registering a growth of 8% over corresponding period last year.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Recommendation No.10

INITIATIVES BY GOVERNMENT

The Committee note that the Government has taken a slew of measures to protect the steel industry from the onslaught of cheap imports resulting in huge slump in domestic steel sector from 2014-15 onwards. The steps taken by the government inter-alia include increase in basic custom duty, levying of anti-dumping duty, notification of Minimum Import Price (MIP) and imposition of provisional safeguard duty on certain items, amending the Steel and Steel Products (Quality Control) Order, 2012 etc. The Committee also note that MIP has since been completely phased out after 4th February, 2017 and all the items covered under MIP are now covered under the Anti-Dumping Duty (ADD) imposed by the Government. While appreciating the steps taken by the Government to bail out the domestic steel Industry from cheap imports of steel products by imposing anti-dumping duty on import of Wire Rod of Alloy or Non-Alloy Steel, colour-coated sheets, seamless tubes, pipes and hollow profiles of iron, alloy or non-alloy steel, HR coils, HR plates, CR products, the Committee recommend that every effort should be made by the Government to check onslaught of cheap imports on domestic steel sector and a mechanism may be put in place to monitor the imports of steel and its impact on domestic steel sector from time to time. In view of the targeted 300 MT production of Steel by 2025, the Committee also feel that the Ministry of Steel should pursue with the Ministry of Finance and the Ministry of Commerce to give more incentives to the domestic steel industry so that more and more capacity addition projects are commissioned under 'Make in India' campaign.

Action Taken

Ministry of Steel in consultation with the industry stakeholders taken up the issues with Ministry of Finance and Ministry of Commerce to facilitate growth of the strategically important steel industry.

Ministry of Steel had earlier supported trade remedial measures like Minimum import Price, Anti-Dumping Duty, Safeguard Duty to protect the

domestic industry from unfairly traded imports. Ministry of Steel is also pursuing Ministry of Finance for rationalization of import duty structure of critical raw materials for steel industry.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Comments of the Committee

(Please see para 19 of Chapter I of the Report)

Recommendation No.11

OPTIMIZING COST

The Committee note with satisfaction that SAIL has taken prudent decisions to bring down the cost of production and improving the profitability like reduction in consumption level of raw materials, rationalization of manpower, reduction in administrative expenses, closure of uneconomic activities, rationalizing productions from relatively inefficient routes of production, etc. As a result of these measures, the total operating expenses per tonne has reduced from Rs. 35145 during 2014-15 to Rs. 33795 during 2016-17. In this context, the Committee are also happy to note that SAIL is the only company amongst JSW Steel and Tata, which has reduced its cost of production even in ineffective route despite the fact all 3 were affected by increasing coal prices and the other two had increased their cost of production. The Committee at the same time take cognizance of the fact that being a Government PSU, SAIL has certain additional obligations limiting cost of production as compared to other private companies, which is higher on manpower costs around 18-19% per tonne in SAIL as compared to say JSW steel where it is 2% only. However, the Committee trust that SAIL would strive to compete with private sector by compensating the higher manpower costs by reducing the cost of consumption of raw materials like coal, iron ore, etc. besides reducing wastage and improving other performance parameters. The Committee hope that SAIL will manage to show further reduction in its cost of production with every subsequent quarter.

Action Taken

Some of the measures being taken by SAIL to reduce cost of production and enhance performance:

- Maximizing production through modern and energy efficient new units
- Maximizing production through the energy and cost effective Concast route
- Phasing out of energy intensive steel making facilities such as Twin Hearth Furnaces and Ingot casting route
- Increase usage of Coal Dust injection in Blast Furnaces thereby reducing the BF Coke consumption.
- Reduction in usage of other raw materials like iron ore, limestone, dolomite, ferro alloys etc.
- Utilization of process wastes like recycling of LD slag, recovery of metallic from slag, recycling of BF flue dust, mill scale etc.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Recommendation No.12

FINANCIAL PERFORMANCE OF MECON LTD.

The Committee note that MECON Ltd. has been incurring higher expenses than its income. During 2016-17, the total income of MECON Ltd. was Rs. 406.98 crore against expenses of Rs. 495.12 crore. Even during 2017-18 (H1) (upto September, 2017), MECON Ltd. had generated an income of Rs. 190.66 crore against expenses of Rs. 228.49 crore. According to the Ministry/MECON Ltd, the main reasons for incurring high expenses resulting in losses to the company are fixed employee benefit expenses by nature, overall economic slow down, projects in hand nearing completion stage resulting in low contribution towards turnover, metal and mining sector witnessing overcapacity situation and loan on iron ore mining. Notwithstanding the reasons explained for the losses to the company, the Committee feel that the expenses on the higher side than income is not a healthy trend for any Company. The Committee, therefore, emphasize that MECON Ltd. should meticulously analyze the various factors which have resulted in increasing losses and take stringent and urgent cost cutting measures. The Committee are happy to note that various measures being undertaken by them are reducing operating expenses, organizational restructuring, optimum utilization of manpower, enhancing employee productivity, improvement in project execution and monitoring methodology to remove any bottlenecks during its operations. The Committee would like to be apprised of the success achieved as a result of various initiatives being taken by the Ministry/MECON Ltd. in this regard.

Action Taken

As a result of the various measures undertaken by the company to improve its financial performance, the company is able to improve its 'Revenue from Operations' by approx. 65% in the 1st half of FY 2017-18 over 1st half of FY 2016-17. The 'Total Income' of the company has also increased by approx. 50% in the 1st half of FY 2017-18 over 1st half of FY 2016-17.

The company is successful in reducing its 'Total Expenses by Total Income Ratio' by approx. 42% in the 1st half of FY 2017-18 over 1st half of FY 2016-17.

Moreover, the company is able to reduce its 'Loss Before Tax' by approx. 52% in the 1st half of FY 2017-18 as compared to the 1st half of FY 2016-17.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

CHAPTER – III

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

-NIL-

CHAPTER – IV

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

Recommendation No.2

CAPACITY UTILIZATION

The Committee observe that against the installed capacity of 12.8 MT of Crude Steel Production during 2014-15, the actual production was 13.90 MT and thus achieving 107% of capacity utilization. Against the installed capacity of 16.8 MTPA during 2015-16 and 2016-17, the total Crude Steel production by SAIL was 14.27 MT and 14.50 MT respectively showing 85% and 86% of capacity utilization. The Committee also note that the installed capacity of crude steel by SAIL after modernization and expansion programme will be increased from 12.8 MTPA to 21.4 MTPA after operations at all plants come to stream. Although, the Committee are happy to note that Bhilai Steel Plant and Durgapur Steel Plant had exceeded in production as far as their installed capacity is concerned, they are concerned to note the poor performance of Rourkela Steel Plant(RS), IISCO Steel Plant(ISP), Alloy Steel Plant(ASP), Salem Steel Plant (SSP) and Visvesvaraya Iron Steel Plant(VISP) that could achieve only 79%, 56%, 38%, 60% and 33% of their installed capacity of Crude Steel during 2016-17. While appreciating the highest ever Hot Metal, Crude Steel and Saleable Steel Production by SAIL during 2016-17, the Committee desire that the Company should take all necessary steps to address all the bottlenecks which hampers full capacity utilisation of these plants so that production targets for 2017-18 which are lagging behind during the first half of the year are fully achieved. The Committee would also like to be apprised of the reasons for very poor capacity utilization by other plants of SAIL and the steps taken by the company to ensure that all the plants operate at their full installed capacity.

Action Taken

2016-17

- Capacity utilization at Bhilai Steel Plant and Durgapur Steel Plant was 121% and 113% respectively.
- Capacity utilization at Bokaro Steel Plant was 72% as Hot Metal and Crude Steel production was restricted at Bokaro Steel Plant due to high slab stocks.
- Capacity utilization at Rourkela Steel Plant and IISCO Steel Plant was lower at 79% and 56% as new facilities were under stabilization.
- Capacity utilization at Alloy Steels Plant, Salem Steel Plant and Visvesvaraya Iron & Steel Plant was lower as production was curtailed as per market orders.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Comments of the Committee

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

Recommendation No.3

RAW MATERIAL

Iron Ore

The Committee note that SAIL has captive mines of iron ore, coal, Limestone & Dolomite. During the year 2016-17, SAIL mines produced 26.44 MT of iron ore and the entire iron ore requirement of SAIL plants was met through the captive mines of SAIL. After the ongoing modernization and capacity enhancement of SAIL, Hot Metal production is expected to touch a level of 23.46 MTPA. At this stage, the requirement of Iron Ore shall be 39 MTPA and SAIL mines are geared up to meet this expected demand fully through captive mines. The Committee further observe that in order to expedite capacity expansion projects, SAIL has obtained extended mining leases of ML-162 of Barsua-Taldih-Kalata Iron Ore Mine in Odisha, Nandini Limestone Mine and Hirri Dolomite Mine of Bhilai Steel Plant in Chhattisgarh. The Committee are, however, concerned to note that forest clearance in respect of Kiriburu Meghaha Tuburu iron ore mines, Gua Ore Mines and Chiria, Jharkhand, Kalwar-Nagur Iron Ore Mines Project under Bokaro Steel Plant are pending with the Ministry of Environment, Forest & Climate Change. The Committee also note with concern about non-development of Kalwar and Rowghat iron ore mines in Chhattisgarh for which stage-II forest clearance was granted way back in August, 2009. In line with expected Hot Metal production target of 23.46 MTPA for which the requirement of Iron Ore is 39 MTPA, the Committee recommend that Ministry of Steel/SAIL should vigorously pursue with Ministry of Environment, Forest and Climate Change and impress upon them to grant forest clearance for the projects under reference without further delay. The Committee would like to be apprised of the steps taken by the Ministry in this regard.

Action Taken

3. Delay in grant of Stage-II forest clearance(FC)

Grant of Stage-II Forest Clearance's (FC) for Gua, Kiriburu-Meghahatuburu and Chiria mines of SAIL in Saranda forest in Jharkhand is pending at Ministry of Environment, Forest & Climate Change (MoEFCC) from 30.07.2015, 13.07.2015 & 22.09.2014, respectively (for about two years).

The matter of Stage-II FC for Gua which is required is regularly being monitored in Project Monitoring Group (PMG) of PMO. During review meeting of PMG of PMO on 15.12.2017, MoEFCC informed that final decision of Competent Authority on Mining Plan for Sustainable Mining (MPSM) for Saranda Forest is still awaited.

A meeting was held with DGF&SS, MoEFCC on 05.10.2017, wherein it transpired that now Zone-I & Zone-II, as proposed in MPSM has been merged and Stage-II FC for the Duargaiburu lease of Gua and South-Central Block of Kiriburu-Meghahatuburu mines will be granted shortly.

Ministry of Steel is actively pursuing the matter with MoEFCC. The details of the efforts made by Ministry of Steel in this regard in recent time are appended below:-

- Hon'ble Steel Minister discussed the matter of delay in grant of Stage-II FC with Minister MoEFCC during the meeting held on 08.06.2016 and 21.02.2017.
- To expedite pending Stage-II FC in Saranda Forest in Jharkhand including Chiria leases, Ministry of Steel vide letter dtd 29.09.2016 submitted its comments on Draft Mining Plan for Sustainable Mining(MPSM) of MoEFCC and requested that mineralised area of Ankua Forest Block in which Chiria mine is located should be excluded from no mining zone .
- To expedite the proposals of grant of pending Stage-II FC for SAIL Mines in Jharkhand, Secretary, Ministry of Steel held a meeting with Secretary, MoEFCC on 02.12.2016
- Secretary Steel vide letter dtd 07.02.2017 requested Secretary MoEFCC to expedite pending Stage-II FC and copy of the letter was also forwarded to Principal Secretary to PMO.
- The member of consultative committee, Ministry of Steel & Mines, & Member of Parliament, Sri Laxman Giluwa vide letter dated 02.02.2017 & 21.06.2017 requested Hon'ble Minister, MoEFCC to expedite grant of pending forest clearance for SAIL mines in Saranda forest.
- The matter of delay in grant of Stage-II FC was also discussed during Consultative Committee of Ministry of Steel meeting held on 10.06.2017 at Dharamshala.
- During review by PMG of PMO on 25.08.2017 and 15.12.2017, MoEFCC informed that final decision of Competent Authority on MPSM for Saranda Forest is still awaited.
- A workshop on "Co-Existence of Mining Industries & Forest-Challenges & Way Forward" was organised by SAIL at Kolkata on 23.09.17. During the workshop, issues related to grant of Stage-II FC's for Kiriburu-Meghahatuburu, Gua & Chiria were apprised to DGF&SS, MoEF&CC, GoI.

4. Non development of Rowghat and Kalwar-Nagur iron ore mines of Bhilai Steel Plant(BSP)

2.1 Rowghat iron ore mine

Rowghat mine in the past could not be developed, even though Stage-II FC was granted by MoEFCC in August, 2009, on account of law and order issue in the area. Development activities in the area could resume after deployment of Central Security Forces. Necessary infrastructure for setting up of security barracks for the forces for providing security to Rowghat Mining Project & Dalli-Rajhara-Rowghat Rail link project is being provided by SAIL with an investment of about Rs.417Crore.

For development of 14 MTPA mine at Rowghat, SAIL has appointed an MDO. In this regard, the Mining Service Agreement (MSA) for a period of 30 years including 5 years of construction from the effective date of contract was signed with MDO on 25.09.2017.

2.2 Kalwar-Nagur iron ore mine

Stage-II FC for diversion of 17 ha of forest land out of 938.059 Ha of Kalwar-nagur lease was granted by MoEFCC on 07.01.2008. Mine in the past could not be developed on account of delay in grant of environment clearance.

For development of 1 MTPA iron ore mine at Kalwar-Nagur lease, Chhattisgarh, the EC proposal was considered by Expert Appraisal Committee (EAC) of MoEFCC on 25.04.2016 wherein EAC has recommended for grant of EC for the limited forest land of 17 Ha out of 938.059 Ha in Kalwar-Nagur lease. But instead of grant of EC, MoEFCC is now insisting that unless SAIL deposits NPV for entire forest land in the mining lease or surrenders the excess forest land, EC for the project will not be issued.

- In the matter of payment of Net Present Value (NPV) for entire forest land in a lease by a Govt. Company, Secretary Steel vide letter dated 21.03.2016 had sought clarification from MoEFCC and the same are still awaited.
- Further, SAIL has challenged the MoEFCC guideline dtd 01.04.2015 in Jharkhand High Court which provides payment of NPV for entire forest land in a mining lease. Hon'ble Jharkhand High Court had stayed the notices of Jharkhand State Govt. through which demand for payment of NPV for entire forest land was raised. Matter is still pending.
- Further, vide letter dated 03.05.2017, CCF, Kanker, Chhattisgarh asked SAIL to deposit NPV of Rs.96.28 Crore for the remaining forest land in Kalwar-Nagur lease. SAIL vide letter dated 24.06.2017, informed Additional PCCF, Chhattisgarh that as of now SAIL has not applied for diversion of remaining forest land in Kalwar-Nagur lease, therefore, payment of NPV under section 2(ii) of FC Act at this juncture is not justifiable.
- Recently on 18.12.2017, Joint Secretary, MoEFCC convened a meeting and advised SAIL to deposit the NPV of the entire forest land in the lease amounting to Rs.96 Crore else the Chhattisgarh State Govt. will initiate the process for cancellation of mining lease notwithstanding the fact that the lease has already been extended by the State Government on 14.03.2016 till 31.03.2025.
- SAIL has submitted that since the matter regarding payment of NPV for entire forest land in a mining lease is under adjudication, therefore EC for Kalwar-Nagur lease be granted so that SAIL can start development of mine to meet the increased requirement of iron ore post modernisation. Grant of EC is awaited.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Comments of the Committee

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

Recommendation No.14

SECURING JOBS ON NOMINATION BASIS

The Committee are happy to note that MECON Ltd. has pipeline projects worth about Rs. 18,000 Cr. (executed and in hand) till date. Several prestigious gas pipeline projects (such as the Bawana Nangal Pipeline,) were successfully completed by MECON for M/s Gas Authority of India Ltd. (GAIL). GAIL has recently awarded Engineering & Project Management Consultancy (EPMC) services to MECON Ltd. for the Pradhanmantri Urja Ganga Pipeline Project (excluding the Dobhi – Haldia segment in Eastern Region of the Country). MECON's scope of work involves a pipeline length of 1813 km (approx.) (from Phulpur to Dobhi and Bokaro to Dhamra), entailing an

Investment of about Rs. 7,867 Cr. MECON's fee for the job is about Rs. 108.2 Cr (excluding GST and site related expenses). MECON Ltd. has also been awarded EPMC services by M/s GAIL for developing the City Gas Distribution (CGD) networks in 6 cities along the Urja Ganga (viz. Varanasi, Bhubaneswar, Cuttack, Patna, Ranchi & Jamshedpur). On similar lines MECON Ltd. has sought Government support for securing jobs on nomination basis from PSUs within Ministry of Steel such as SAIL, RINL, NMDC Ltd., MOIL, KIOCL, MSTC etc. in line with those being secured from GAIL. The Committee desire that the Ministry of Steel should consider adequate support sought by MECON for securing jobs from Steel PSUs on nomination basis only at compatible prices so that MECON Ltd. could regain its foothold in the business and therefore urge the Ministry of Steel to do the needful in the matter. The Committee would like to be apprised of the action taken in this regard.

Action Taken

The matter is under consideration of this Ministry.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Comments of the Committee

(Please see para 22 of Chapter I of the Report)

CHAPTER – V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation No.4

Coal

According to Ministry of Steel, due to limited indigenous availability of low ash coking coal in the country, SAIL imports 80-85% of low ash coking coal from Australia, USA and New Zealand etc. and blends it with coking coal produced from captive mines of SAIL and from Bharat Coking Coal Ltd. (BCCL)/ Coal India Ltd. (CIL) sources. With expected 23.46 MTPA production of Hot Metal, the requirement of coking coal by SAIL will be 21 MT against 0.54 MT coking coal provided from indigenous sources during 2016-17 and 4 MT of coking coal is likely to be made available from captive and BCCL/CIL sources, the Committee feel that coking coal is one of the important raw material for cost optimization in production of Steel and in the absence of adequate quantities of coking coal, it is imperative that improved methodology be developed for blending of indigenous and imported coal. Further, the supply chain of imported and indigenous coal be strengthened and made efficient. The Committee also desire that SAIL should enter into long term agreement/joint ventures with CIL for acquisition of coking coal blocks abroad to ensure availability of adequate quantity of coking coal as per their requirement so that production of SAIL is not affected for want of supply of adequate quantity of coal. In this context, the Committee would also like to be apprised of the timeframe by which 3.5 MT washery at Tasra and another to wash coal produced from Parbatapur coal block will be set up by SAIL.

Action Taken

Research & Development Centre for Iron & Steel, Steel Authority of India Limited (SAIL) is pursuing a R&D project viz. "Development of Automation System for Optimum Coal Blending at Coal Handling Plant of Coke Oven Batteries at Bokaro Steel Plant". The aim of the project is to develop indigenously a blending model to control the ash variations for improving the Blast Furnace productivity and hence saving cost. The project was initiated during 2015-16 and is likely to be completed in 2018-19.

Steel Authority of India Limited

SAIL has been optimizing the coking coal blend considering the availability, quality & cost of coking coal from different indigenous and imported sources. Recently, M/s BCG has developed a coking coal blend optimizer tool for SAIL. The coal blend optimizer tool is being fine tuned in consultation with BCG so as to derive maximum benefits from the tool.

Out of total coking coal requirement of SAIL plants, indigenous coking coal availability is assessed by SAIL in consultation with CIL subsidiaries. The balance requirement of coking coal is met through imports. As per

prevailing practice, coking coal supply from CIL subsidiaries to SAIL is through annual MoUs, wherein inter-alia price of coal is mutually agreed.

The Government of India vide its letter dated 11th December, 2007 approved the formation of a Special Purpose Vehicle (SPV) for securing metallurgical coal and thermal coal assets overseas. The PSUs viz. SAIL, CIL, RINL, NMDC and NTPC were its promoters with equity participation of 2:2:1:1:1. However, CIL vide its letter dated 18th March, 2016 informed ICVL that CIL Board in its 319th Board meeting held on 12th August, 2015 had decided to opt out ICVL and intimated the same to Ministry of Coal.

Reply concerning Tasra and Parbatpur Coal Washery

1. Setting up of Tasra coal washery

For development of 4 MTPA coking coal mines at Tasra coal block including setting up of 3.5 MTPA throughput capacity coal washery, etc. a coal mining services agreement (CMSA) was signed between M/s. SAIL and M/s. Lanco Infra Tech Ltd (LITL) on 23.09.2013 with validity for a period of 28 years including 2 years of Construction Period. Commercial production date as per this CMSA was envisaged as 23.09.2015 and washery to be established and washed coal was to be supplied from 3rd year onwards i.e. from 23.09.2018.

In the interim, the "Right to Fair Compensation & Transparency in Land Acquisition, Resettlement & Rehabilitation Act, 2013" [LARR Act] was enacted by the Parliament and notified in January 2014. This development has impacted the timelines for land acquisition which leads to amendment in some of the clauses of the CMSA governing the Commencement of Commercial Production Date and Period of Contract.

The revised Commercial Production Date and Period of Contract would be incorporated in the CMSA after approval of SAIL Board for which approval of SAIL Board.

2. Setting up of Parbatpur coal washery

At Parbatpur Coal block there is a non-operating coal washery (2.5Mtpa) which was established by the prior allottee and was commissioned in 2011. Washery operations stopped after de-allocation of the block. Although it is situated within the block area, the washery was not included in asset transferred list when coal block was allocated to SAIL.

As per conditions of Environmental Clearance (EC) transferred to SAIL, without operation of Coal washery mining operation can not be started. Any decision regarding take over and operation of washery is dependent on issue of grant of Mining Lease. Mining lease issue is undecided because of overlap of ONGC Petroleum Mining Lease (CBM) & Parbatpur Coal block

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Recommendation No.9

ENHANCING STEEL CONSUMPTION

The Committee note that although the per capita steel consumption has increased from 60 kg to 65 kg during the last 2 years, yet it is quite far from the world average of 215 kg per capita. There is a lot of scope for consumption in villages. A significant usage of steel as already stated is in

the houses constructed under PMAY-G. The other significant areas for consumption of steel are infrastructure, capital goods, automobile, railways, etc., foundation of ports and harbours, bridges, crash barriers. Besides, there is adequate scope for consumption in drinking water pipes as the usage of steel would reduce wastage due to water loss, non-carcinogenic and unbreakable. As regards the steps taken by SAIL in finding newer applications for the steel and ensuring that steel products are not gradually replaced by aluminium or other composite materials, the Committee observe that recent efforts of SAIL in this direction have led to usage of steel for agricultural implements (tractor disc, tilling equipment etc.), silos for grain storage, high strength plates for ATM chest, soft iron plates for neutrino detector for India Based Neutrino observatory, seismic resistant TMT rebars (Fe500S) for construction sector, High Strength Forming Quality steels for Auto segment and steels for Indian navy and defence which include DMR 249A/B for INS Vikrant and SAILARM for testing of ammunition, etc. According to Ministry of Steel, there is an increasing trend of use of Aluminium and other composites material in auto, white goods & architectural applications. World-wide initiatives from steel sector focuses on coated, corrosion resistant and high strength steels as a counter measure. The Committee further observe that in line with contemporary approach, SAIL has recently commissioned a new state- of-the-art Cold Rolling Mill Complex at BSL, Bokaro. High strength steels and coated products (both galvanized & galvannealed) will constitute major part of the product-mix from this complex which will cater to Auto and White goods segments. SAIL has also entered into a joint venture with Arcelor Mittal for the production of high strength steel (both coated and un-coated) for Auto segment. In view of the fact that steel is totally recyclable and cost effective and competitive material as compared to other alternative material like aluminium, the Committee feel that there is an urgent need to identify new steel products of mass consumption to achieve higher target of steel usage per capita in the country. The Committee also note that the production target of 300 MT of steel by 2025 can not be achieved unless the consumption level of steel is augmented significantly to the level of 170 kg to 180 kg. as argued by the Ministry. The Committee, therefore, recommend that the Ministry of Steel in coordination and collaboration with Ministries of Defence, Railways, Road Transport and Highways, Housing and Urban Affairs, Shipping, Drinking Water and sanitation etc. should vigorously identify the areas where steel can be consumed, which in-turn can be produced and marketed by SAIL as per their specific needs. The Committee would like to be apprised of the initiatives undertaken by the Ministry/SAIL and progress made therein.

Action Taken

Steel Authority of India Limited (SAIL) along with Institute for Steel Development And Growth (INSDAG) and Hindustan Steelworks Construction Limited (HSCL) have been interacting with practicing consultants to develop cost comparison on Life cycle cost Analysis (LCCA) basis and comparative benefits of steel structures vis-à-vis concrete structures. Efforts are on to develop standardized design of steel intensive building & bridges which will be used to promote adoption of steel intensive structures. In order to

promote low cost houses in rural areas, presentations along with prototype designs have been made to key officials of Rural Development Ministries of various States. One presentation was also made to working level officials at CPWD Headquarters on steel usage and product solutions from new mills of SAIL.

Apart from the steps taken by individual CPSEs under its aegis, the Ministry of Steel is also taking up with steel consuming Ministries for taking measures to increase steel consumption.

A meeting was held jointly by Secretary, Ministry of Steel and Secretary, Ministry of Shipping regarding use of steel intensive structures in future development of Ports and Inland Waterways on 24.11.2017 which was attended by representatives of major steel producers in public and private sectors and Consulting Engineers.

Indian Stainless Steel Development Association, in association with Ministry of Steel, organized a seminar on 'Use of Stainless Steel for Water Service Pipeline, Treatment and Storage'. A book on 'Stainless Steel for Water Service Pipeline, Treatment and Storage 2017', containing technical information and case studies, was released during the Seminar which was forwarded to Municipal Commissioners of some cities.

Institute for Steel Development And Growth (INSDAG), a non-profit making member-based organization under the aegis of Ministry of Steel, has developed a low cost, strong and durable design and construction methodology for houses for the rural poor. Model houses have been constructed at some locations. One such model house has been constructed within the campus of National Institute of Rural Development & Panchayati Raj in Hyderabad to give it a wide publicity for adoption by States.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

Recommendation No.13

TURNAROUND PLANS

The Committee also notes that MECON Ltd. has shown a very good performance in business procurement during the last three years. From an order booking of Rs. 593.40 crore in 2014-15, MECON Ltd. booked orders worth Rs. 683.40 crores in 2015-16 and Rs. 1418.65 crore during 2016-17, which is an all time high improvement and achievement of the company. The Committee also notes that a Strategic growth plan of MECON Ltd. for next five years i.e. upto FY 2021-22 is reported to be under finalization. The growth agenda targets three to four fold enhancement in revenues by 2021-22, with sustained profitability. The strategic plan envisages leveraging the core strength in metals sector and to harness business opportunities in diversified sectors such as energy (oil & gas and power generation, transmission & distribution) and infrastructure (stress on steel intensive structures) to provide hedge against the cyclic risks in the metals business. The plan document also formulates business strategy for MECON Ltd. to align with Government policies, priorities and initiatives, including National Steel Policy 2017. The Committee would like that the proposed growth plan may be finalized as early as possible. The Committee trusts that MECON Ltd. would make all earnest efforts and strive on this growth plan besides arresting the

downturn in its financial performance and retain its market position as a premier consultancy company.

Action Taken

The Strategic Growth Plan of MECON Ltd. for next five years i.e. upto FY 2021-22, is under advanced stage of finalization. MECON is making all earnest efforts and strive on this Growth Plan, besides, arresting the downturn in its financial performance and retain its market position as a premier consultancy company.

Major efforts being undertaken by the company are as follows:

- (i) With periodic reviews, progress of major projects is being monitored very closely by the top management. Pro-active initiatives are taken for quick resolution of key issues with the client. Further, critical impediments/issues, affecting the progress of the projects, are being escalated to the appropriate levels and in some cases even to Ministry level.
- (ii) Task force teams of senior officials, headed by Executive Directors, have been formed, which are continuously pursuing for early resolution/settlement of extra claims related issues, both for EPC & consultancy assignments with major clients like SAIL, NMDC, RINL etc.
- (iii) Concerted marketing efforts are being put to procure more & more jobs in all sectors of relevance to the Company, coupled with focus on, putting the best efforts to get significant turnover contribution from new jobs in FY 2017-18.

[O.M. No.11014 (1)/2018-Parl. Dated 19th March, 2018, Ministry of Steel]

**NEW DELHI;
25 July, 2018
03 Shravana, 1940 (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 25 JULY, 2018 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri Rakesh Singh - Chairperson

Lok Sabha

2. Shri Chandulal Sahu
3. Smt. Jyoti Dhurve
4. Dr. Banshilal Mahato
5. Shri Godam Nagesh
6. Shri Ajay Nishad
7. Smt. Riti Pathak
8. Smt. Ranjeet Ranjan
9. Shri Ravindra Kumar Ray
10. Shri Janardan Singh 'Sigriwal'
11. Shri Pashupati Nath Singh

Rajya Sabha

12. Shri Samir Oraon
13. Prof. Manoj Kumar Jha
14. Shri Prabhaker Reddy Vemireddy

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 Draft Reports on:-

- (i) ** ** ** **
- (ii) Action Taken by the Government on the Observations/ recommendations contained in their Thirty-Seventh Report on "Physical and Financial Performance of SAIL and MECON Ltd." pertaining to the Ministry of Steel;

- (i) ** ** **
- (ii) ** ** **
- (iii) ** ** **

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairperson to finalise the Reports and present the same to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE-II

(Vide Para IV of Introduction)

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

I.	Total No. of Recommendations made	14
II.	Recommendations that have been accepted by the Government (<i>vide</i> recommendation at Sl. Nos. 1, 5, 6, 7, 8, 10, 11 and 12)	10
	Percentage of total	57%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies (<i>vide</i> Recommendation at Sl. No. Nil)	00
	Percentage of total	0%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee (<i>vide</i> recommendation at Sl. Nos. 2, 3 and 14)	03
	Percentage of total	21.50%
V.	Recommendations in respect of which final replies of the Government are still awaited (<i>vide</i> recommendation at Sl. Nos. 4, 9 and 13)	03
	Percentage of total	21.50%