



सत्यमेव जयते

MINISTRY OF STEEL

ANNUAL REPORT

2006-07

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CHAPTER-I

HIGHLIGHTS

2006-07 (1.4.2006 to 31.12.2006)

MACRO SCENARIO

- India is presently the seventh largest crude steel producing country in the world.
- Production of Finished (Carbon) steel during the year (April-December, 2006) at 35.60 million tonne (provisionally estimated) was up by 9.6% over the corresponding period last year.
- During the same period (April-December, 2006) the merchant production of pig iron at 3.45 million tonne (provisionally estimated) was up by 3.6% over the production in the corresponding period in 2005-06. The secondary producers accounted for bulk of the merchant pig iron production.
- Total volume of Finished (Carbon) steel exported during the year (April-December, 2006) at 3.50 million tonne (provisionally estimated) was up by 10.9% over the corresponding period last year.
- Import of Finished (Carbon) steel during the current year (April-December, 2006) at 2.70 million tonne (provisionally estimated) was lower by 6% over the corresponding period last year.
- Apparent consumption of Finished (Carbon) steel during the current year (April-December, 2006) rose by 9.3% over the corresponding period last year to reach 31.30 million tonne (provisionally estimated).

NATIONAL STEEL POLICY

- The National Steel Policy 2005, had set out the Government's vision for the future of the steel industry. The National Steel Policy was approved by the Government on November 3, 2005, which inter alia seeks to enhance the indigenous steel production to 110 MT per annum by 2019-20 from the 2004-05 level of 38 MT, implying a compounded annual growth rate of 7.3%.
- To achieve the objectives of the National Steel Policy,
 - A Steel Promotion Coordination Committee has been constituted with a view to coordinate a National level campaign on increasing consumer awareness in the country, with particular emphasis on the rural sector. A National Steel Campaign will be launched on 20.03.2007, involving audio-visual and print media to create this impact amongst all cross sections of the steel users in the country.
 - Several Task Force/Study Committees have been constituted in the Ministry of Steel, to look after specific areas of concern including refractory and infrastructure development of steel industry in the country.

MAJOR PUBLIC SECTOR UNDERTAKINGS UNDER MINISTRY OF STEEL

STEEL AUTHORITY OF INDIA LTD. (SAIL)

- During 2006-07 (April-December, 2006) SAIL recorded a turnover of Rs. 27,665 crore, an increase of Rs. 5,477 crore over the turnover in the corresponding period last year.
- Maintained the track record of consistent profitability with profit after tax of Rs. 4,300.41 crore during 2006-07 (April-December, 2006) an increase of Rs.1,390.64 crore over the profit in the corresponding period in the last year.
- The company paid interim dividend @ 16% of paid up equity capital.



- The company achieved production of 10.80 million tonne of hot metal, 10 million tonne of crude steel and 9.33 million tonne of saleable steel, during 2006-07 (April-December, 2006).

RASHTRIYA ISPAT NIGAM LTD. (RINL)

- During 2006-07 (April-December 2006), the company registered a net profit (after tax) of Rs. 859 crore, showing a growth rate of 9% over the corresponding period last year.
- By producing over 8.58 lakh tonne of value added steel products during (April-December 2006) the company registered a growth of 26% over the corresponding period last year.
- Sales during April-December 2006 reached Rs. 6,135 crore, registering a growth of 10% over the corresponding period last year.

MANGANESE ORE (INDIA) LTD. (MOIL)

- MOIL has earned profit after tax of Rs. 80.19 crore during 2006-07 (April-December 2006) as compared to Rs. 67.23 crore during the corresponding period last year.
- During the current financial year (April-December 2006), MOIL's sales turnover was Rs. 281.98 crore (Prov.) as against Rs. 236.47 crore during the corresponding period last year.

BIRD GROUP OF COMPANIES

- Orissa Minerals Development Company Ltd.(OMDC), a company under Bird Group of Companies has earned profit after tax Rs. 123.82 crore (Prov.) during 2006-07 (April-December) as compared to Rs. 87.02 crore during same period last year.
- During the current financial year (April-December 2006), Company's sales turnover was Rs. 232.46 crore (Prov.) as against Rs. 174.50 crore during the corresponding period last year.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

- The sales turnover and net profit of the company stood at Rs. 2,790 crore (Prov.) and Rs. 1,609.20 crore during 2006-07 (April-December 2006) registering an increase of 9.7% and 26.4% respectively as compared to Rs. 2,569.07 crore and 1,273.42 crore during the corresponding period last year.
- The company produced 17.27 million tonne (Prov.) of Iron Ore during 2006-07 (April-December 2006) compared to Rs. 15.73 million tonne in the corresponding period last year.
- Domestic sales of Iron Ore at 15.50 million tonne was 90% of total sales during the current year as against 13.44 million tonne at 77% of the total sales during the corresponding period last year.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

- The performance of KIOCL has been adversely affected due to closure of mines w.e.f. 01.01.2006 as per Hon'ble Supreme Court orders. Therefore, there is no production of concentrate during 2006-07.
- During 2006-07 (April-December 2006) the Pellet production of the company was lower by 87% as it produced 317 thousand tonne of Iron Ore Pellet as compared to 2441 thousand tonne produced in the corresponding period last year. This lower production was due to the problems being encountered in the pellet plant after switching over to use of 100% hematite iron ore.

SPONGE IRON INDIA LTD. (SIIL)

- The production during 2006-07 (April-December 2006) is (provisional) 40,323 tonne with a capacity utilisation of 90%.
- The average sales realisation of Rs. 8,775/- per tonne of sponge iron was achieved during 2006-07 (April-December 2006)

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- The sales turnover achieved during 2006-07 (April-December 2006) is provisionally Rs. 35.59 crore.
- The operating profit was provisionally Rs. 3.36 crore up to December, 2006.

MECON LTD.

- MECON is leading Engineering and Project Management consultancy company, engaged in a wide ranging diverse field of Metals, Power, Infrastructure and Oil & Gas sectors.
- During the year 2006-07 (April-December 2006) the total turnover of the company improved to Rs. 235.23 crore against Rs. 168.11 crore during April-December 2005, which is an improvement of 39%.
- Similarly, the Profit Before Tax (PBT) of the company for the period (April-December 2006) is Rs. 12.17 crore against Rs. 10.10 crore during April-December 2005, an improvement of 20.4%

MSTC LTD.

- During April-December 2006, MSTC's total volume of business stood at Rs. 4,676 crore against Rs. 5,740 crore in the corresponding period last year.
- In the current financial year up to December, 2006 MSTC's turnover was at Rs. 2,170 crore against Rs. 3,208 in the corresponding period last year.
- The company's profit before tax during April – December, 2006 stood at Rs. 45.50 crore against Rs. 56.14 crore in the corresponding period of last year. Profit after tax for the same period was Rs. 29.38 crore against Rs. 35.39 crore in the corresponding period last year.
- Proposal to upgrade the company from schedule 'C' to schedule 'B' is under active consideration in consultation with Department of Public Enterprises.

HINDUSTAN STEELWORKS CONSTRUCTION LTD. (HSCL)

- HSCL is a company presently engaged in diversified construction activity in the country ranging from steel, infrastructure, railways, housing, bridges and roads. The company has developed its expertise in the areas of Piling, Soil investigation, high rise structure, fabrication, execution of equipment, testing and commissioning.
- The company has been consistently improving its operating profit, which is Rs. 19.02 crore for April-December 2006 against Rs. 12.95 crore for the same period in the previous year.
- However, due to high liability and interest burden, as a result of VRS package, the company has been incurring net loss. A restructuring proposal of the company is presently under discussion and consideration of the Government.



CHAPTER-II

ORGANISATIONAL STRUCTURE AND FUNCTIONS OF MINISTRY OF STEEL

The Ministry of Steel is under the charge of the Minister of Chemicals, Fertilisers and Steel and a Minister of State. The Ministry is responsible for the planning and development of iron and steel industry, development of essential inputs such as iron ore, limestone, dolomite, manganese ore, chromites, ferro-alloys, sponge iron etc and other related functions. There are 10 public sector undertakings and one directly managed Government company under the administrative control of the Ministry of Steel.

** Organisational Chart at page no. 7

OTHER RELATED OFFICES OF MINISTRY OF STEEL

Joint Plant Committee: Following the recommendations of Dr. K.N. Raj Committee, the Joint Plant Committee (JPC) was established in 1964 for the purpose of formulating guidelines for production, allocation, pricing and distribution of iron and steel materials in the country. In 1991-92, deregulation and decontrol of steel sector marked a turning point – not only for the industry but more so for the Joint Plant Committee. Keeping pace with changing times, the organisation moulded itself accordingly acting as a facilitator for the industry.

JPC with its headquarters at Kolkata has its regional offices at the four major metros, New Delhi, Mumbai, Chennai and Kolkata with the Economic Research Unit at New Delhi serving as a wing of JPC to carry out techno-economic studies. JPC at present comprises of the following members:

- Chairman - Joint Secretary, Ministry of Steel
- Four representatives from Steel Authority of India Ltd. (SAIL)
- One representative each from Tata Iron & Steel Ltd. (TISCO) and Rashtriya Ispat Nigam Ltd. (RINL), and
- Railways as an important consumer.

The National Steel Policy has laid down the long term vision of growth for the Indian steel industry and domestic steel entrepreneurs are pursuing ambitious investment and expansion plans. In this environment, Joint Plant Committee has taken care to adapt to the changing requirements of the industry.

Knowledge Management Activities

Today, Joint Plant Committee (JPC) is the only institution in the country, which is officially empowered to collect data on the Indian Iron and Steel Industry, resulting in the creation and maintenance of a comprehensive databank on this industry. Major data items collected include:

Production and Stock of:

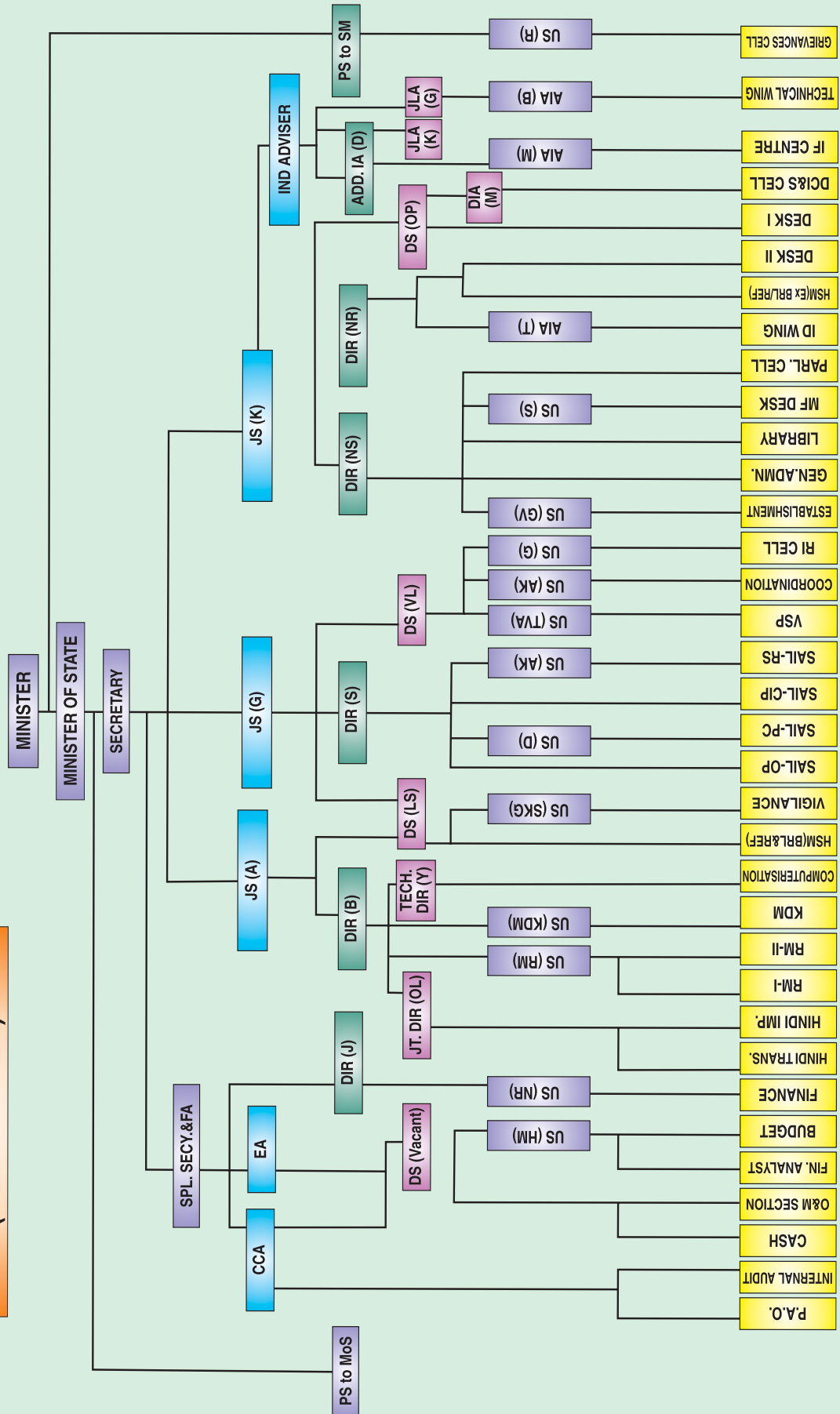
- Main Producers: SAIL Plants, Tata Steel, RINL
- Major Producers : Essar Steel, JSW Steel, Ispat Industries
- Other secondary producers: crude/flat / non-flat steel producers
- Sponge iron and pig iron

Domestic Market Prices of Major Categories of Iron and Steel

- Imports and exports data (EDI/Non-EDI) of iron and steel, scrap, ferro alloy
- Apparent consumption data of related category of iron and steel features in the database as a derived item
- FOB prices and landed cost of selected items
- Production of Raw Material – Iron Ore, Dolomite, Coke, Coal and Limestone



ORGANISATIONAL CHART OF MINISTRY OF STEEL (As on 12.2.2007)





Industry segment specific surveys are taken up with the objective of capturing the changes in industry structure over time, strengthening the database and to serve as important source of information for helping policy decisions at the Government level. Recently, a Survey on the Indian Sponge Iron Industry was completed. Before that, a Baseline Survey of the domestic Induction Furnace/Electric Arc Furnace and Re-rolling units were completed. A Survey on Blast Furnace/Pig Iron segment is on the cards.

Besides collection of data, dissemination of information to Ministry of Steel and different stakeholders of the industry, is another key aspect of JPC's job profile. Major channels of information dissemination include :

- **JPC Bulletin on Iron & Steel:** provides a monthly trend scenario of the Indian iron and steel industry in a global perspective.
- **Performance Review: Iron & Steel:** Encapsulates an exhaustive account of the developments in different aspects of the Indian iron and steel industry in the fiscal gone by.
- **Survey Reports:** include reports of various surveys conducted by JPC viz. Sponge Iron, Pig Iron, Colled Rolled-Galvanised Plain/Galvanised Corrogated, RR, Electric Arc Furnace/Induction Furnace.

Also available: 'A Guide for entrepreneurs in iron and steel industry', an information source designed to help prospective entrepreneurs in taking preliminary decisions regarding setting up of iron and steel units, in four volumes in CD.

- **Monthly Analytical Reports** (for Ministry of Steel): on market trends and news updates.
- **Monthly/Annual reports** (for Ministry of Steel): on production, trade, consumption, prices.
- **Material for Queries:** on varied themes on industry received from JPC's wide clientele and responded to free of charge.
- **Materials for Parliament Questions:** raised in both houses of the parliament during every session of the Indian Parliament. These materials serve the exclusive data/information need of the Ministry of Steel.
- **Dissemination through website:** www.jpcindiansteel.org: information on different aspects of the domestic iron & steel industry.

Support and Developmental Services

- JPC aims to propagate knowledge, awareness on the benefits of usage of steel and bridge the information gap between the producers and end-users of steel. This is achieved through lending support to seminars/workshops/interactive sessions on technology, infrastructure, environment, market trends, budget and policymaking.
- The task of monitoring and processing of SSIC claims including rebate reimbursement is performed by JPC and liaison is maintained with both Main Producers and SSICs in this regard.
- Under the aegis of the Ministry of Steel, Biju Patnaik National Steel Institute (BPNSI), Puri, Orissa, Institute for Steel Development & Growth (INSDAG), Kolkata and National Institute for Secondary Steel Technology (NISST), Mandi Gobindgarh are getting financial assistance from JPC.
- The Economic Research Unit (ERU) was set up at New Delhi as a techno-economic wing of JPC. The team, headed by the Chief Economist, comprises of economists, technical experts and financial professionals and deals with various economic, costing and technical issues facing the Indian iron and steel industry, such as long term demand forecasting, policy papers, market price trends, trade and tariff related issues, export-import policies, raw material logistics, infrastructural issues, capacity build-up and trends in investment in iron and steel industry in the country, besides global developments.

Assistance to Ministry of Steel in Various Matters

Extending support to Ministry of Steel in various areas is a key activity performed by JPC. Some of these include:

- Annual Industry-sector wise demand/availability projection for the various categories of iron and steel
- Organisational responsibility including preparation of background papers/speeches/agenda points/minutes of the National Steel Consumer Council meetings

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- Member of Working Group on 11th Five Year Plan on Steel
- Policy matters
- Topical Economic/Market/Trade Issue analysis
- Any other case to case matter

Fund Management

- JPC is the Secretariat of the Steel Development Fund (SDF) Managing Committee based on notification issued by the Government of India in the year 1978.
- Ministry of Steel has decided to promote Research and Development in the steel industry for which funds are earmarked every year, from SDF. This fund thus provides financial assistance to the industry from the interest of SDF corpus for taking up projects like, technology up-gradation, measures connected with pollution control, activities related to Research and Development.
 - Out of the SDF Corpus JPC also renders assistance like:
 - Rebate to the Small Scale Industries Corporation (SSICs) engaged in the distribution of steel.
 - Prime Minister's Trophy with cash award to the best integrated steel plant
 - Market Development Projects
 - GEF/UNDP project for environment and pollution control in the iron and steel sector

Development Commissioner for Iron and Steel Cell (DCI&S)

Consequent upon the acceptance of the recommendations of the Expenditure Reforms Commission (ERC), an administrative decision was taken to close down the Development Commissioner for Iron and Steel (DCI&S) Office, Kolkata along with its four Regional Offices located at Chennai, Mumbai, Kolkata and New Delhi w.e.f. 23.05.2003. The residual work except the collection of data from secondary sector was transferred to the DC Cell in the Ministry of Steel. The DC Cell is handling the following tasks:

(A) Matters relating to allocation of iron & steel items to Small Scale Industries (SSI) units through Small Scale Industries Corporation (SSICs)/National Small Industries Corporation (NSIC):

Iron & Steel items are allocated to the State Small Scale Industries Corporations (SSICs) and National Small Industries Corporation (NSIC) in states where SSICs are defunct or non-existent for distribution to SSI units. In order to ensure that small-scale industries obtain raw materials at reasonable prices, the Government provides nominal handling charges approximately Rs. 500 per tonne to the Corporations. The allocation of iron & steel items, during the last three years, for distribution to SSI units is as follows:

(Quantity in '000 MTs)

| Corporations | 2004-05 | 2005-06 | 2006-07 |
|--------------|-------------|------------|-------------|
| SSICs | 875 | 612 | 404 |
| NSIC | 428 | 219 | 59 |
| Total | 1303 | 831 | 463* |

* Position as on 15.12.2006

The distribution policy for the year 2006-07 is given in Ministry of Steel's website www.steel.nic.in

- In the above policy following changes have been made:
- Quantity restriction of 600 MT imposed on the SSICs for supply of material to SSI units has been removed and SSI units irrespective of their size may procure iron and steel material from any source of their choice, either through Corporation or directly from producers.
- Secondly, with a view to ensure best use of allocated material a decision was arrived at, that in case Corporation(s) exhaust their quarterly allocation, they can utilise allocation of next quarter. Additional allocation shall be considered, when Corporations exhaust 75% of their total annual allocation. Inter-category adjustment has also been allowed for items not allocated for the year.



List of Public Sector Undertakings, under the administrative control of Ministry of Steel

| Sl. No. | NAME OF THE COMPANY | SUBSIDIARIES |
|----------------|---|--|
| 1. | Steel Authority of India Ltd. Ispat Bhawan, Lodi Road, New Delhi - 110 003 | Maharashtra Elektros melt Ltd. Chandamul Road, Chandrapur - 442401, Maharashtra |
| 2. | Rashtriya Ispat Nigam Ltd. Administrative Building, Visakhapatnam - 530031, Andhra Pradesh | |
| 3. | MECON Ltd. , MECON Building, Ranchi - 834002, Jharkhand | |
| 4. | Kudremukh Iron Ore Company Ltd. II Block, Koramangala, Bangalore - 560034, Karnataka | Kudremukh Iron & Steel Company Ltd. Panambur, Mangalore -575010, Karnataka |
| 5. | National Mineral Development Corporation Ltd. Khanij Bhawan, 10-3-311/A, Castle Hills, Hyderabad - 500028, Andhra Pradesh | J&K Mineral Development Corporation , 19/9, Trikuta Nagar, Jammu - 180012, Jammu & Kashmir |
| 6. | Hindustan Steelworks Construction Ltd. No.1, Shakespeare Sarani, 8th Floor, Kolkata - 700071, West Bengal | |
| 7. | Bharat Refractories Ltd. Sector IV, Central Avenue, Bokaro Steel City, Bokaro - 827004, Jharkhand | |
| 8. | Sponge Iron India Ltd. Khanij Bhawan, 10-3/311/A, Castle Hills, Hyderabad - 500023, Andhra Pradesh | |
| 9. | MSTC Ltd. 225-F, Acharya Jagdish Bose Road, Kolkata - 700020, West Bengal | Ferro Scrap Nigam Ltd. , FSNL Bhawan, Post Bag No. 37, Equipment Chowk, Central Avenue, Bhilai - 490001, Chattishgarh |
| 10. | Manganese Ore India Ltd. 3 Mount Road Extension, Post Bag No. 34, Nagpur - 440001, Maharashtra | |
| | Govt. Managed Company Bird Group of Companies , FD-350, Sector-III, Salt Lake City, Kolkata - 700106, West Bengal | |



CHAPTER-III

PUBLIC SECTOR

The public sector undertakings under the Ministry of Steel have been largely performing well on all the fronts. This chapter briefly enumerates their performance on certain parameters.

The PSUs under the Ministry of Steel have shown significant improvements in the last two years. The combined profit before tax of all 15 PSUs of the Steel Ministry exhibited an enhancement of more than two times, from Rs. 5,568 crore in fiscal 2003-04 to Rs. 11,497 crore in 2005-06.

The profit before tax for all PSUs also exhibited a significant improvement of around 26% in the three quarters of 2005-06 (April-December 2006) amounting to Rs.10,566.40 crore as against a combined profit before tax of Rs. 8,368.75 crore in the comparable period of last year.

Contribution of PSUs to public exchequer has also gone up significantly. For example, the contribution of five leading companies, namely, SAIL, RINL, NMDC, KIOCL and MOIL, to Central and State exchequer by way of excise duty, customs duty, dividend, corporate tax, sales tax, royalty etc. has gone up by more than double, from Rs. 5,761 crore in 2003-04 to Rs. 13,110 crore in 2005-06.



Hon'ble Union Minister of Chemicals & Fertilizers and Steel, Shri Ram Vilas Paswan, presenting a memento to Hon'ble Prime Minister, Dr. Manmohan Singh at the Foundation laying Ceremony of Modernisation & Expansion of SAIL's IISCO Steel Plant.

MERGERS AND ACQUISITIONS

In line with prevailing trends in the private sector, domestic mergers and acquisitions of Steel Ministry's PSUs are underway. The Indian Iron and Steel Company Ltd. (IISCO) has already been merged with SAIL last year, while the process of merging Bharat Refractories Ltd. and Maharashtra Elektros melt Ltd. (MEL) with Steel Authority of India Ltd. (SAIL) is underway. The acquisition of Neelachal Ispat Nigam Ltd. (NINL) by SAIL is also under process. The merger of Sponge Iron India Ltd. (SIIL) with National Mineral Development Corporation Ltd. (NMDC) and Kudremukh Iron & Steel Company Ltd. (KISCO) with Kudremukh Iron Ore Company Ltd. (KIOCL) is also under process.



The proposal regarding Revival and Restructuring of MECON Limited has been approved by the Government on 8th February, 2007. Accordingly, Government has agreed for a Cash Assistance of Rs. 93 crore, out of which Rs. 30 crore will be infused as equity and Rs. 63 crore will be offered as 5% redeemable preferential shares, to MECON Limited. The package also contains a non-cash assistance of Rs. 7.72 crore along with the continuance of 50% interest subsidy (not exceeding Rs. 6.50 crore per annum) and waiver of guarantee fee (not exceeding Rs. 1.92 crore per annum) towards VRS loans taken by the company. The Government has also approved the enhancement of retirement age of the employees, including full time Director, from 58 years to 60 years.

The proposal related to revival and financial restructuring of HSCL is under the consideration of BRPSE.

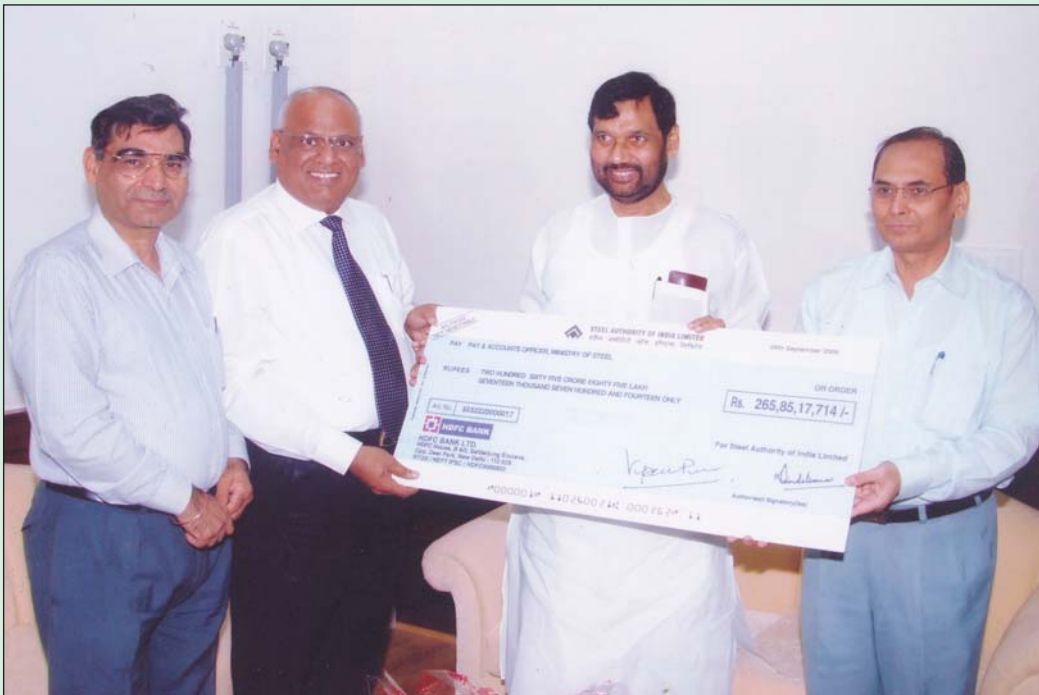
These mergers, acquisitions and restructuring are expected to be completed by the later half of 2007.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

General

Steel Authority of India Limited (SAIL) is a company registered under Indian Companies Act, 1956 and is an enterprise of the Government of India. It has five integrated steel plants at Bhilai (Chattisgarh), Rourkela

(Orissa), Durgapur (West Bengal), Bokaro (Jharkhand) and Burnpur (West Bengal). SAIL has three special and alloy steels plants viz. Alloy Steels Plant at Durgapur (West Bengal), Salem Steel Plant at Salem (Tamil Nadu) and Visvesvaraya Iron and Steel Plant at Bhadravati (Karnataka). In addition to these, a Ferro alloy producing plant at Chandrapur is owned by Maharashtra Elektros melt Ltd. (MEL), which is a subsidiary of SAIL. Besides, SAIL has seven central units viz. Research and Development Centre for



Shri S.K. Roongta, Chairman SAIL handing over the final Dividend Cheque of Rs. 265.85 crore to Shri Ram Vilas Paswan, Hon'ble Union Minister of Chemicals & Fertilizers and Steel and Shri R.S. Pandey, Secretary (Steel), Shri K.K. Khanna, Director (Tech.), SAIL also seen in the picture.

Iron and Steel (RDCIS), Centre for Engineering & Technology (CET) and Management Training Institute (MTI) all located in Ranchi, Central Coal Supply Organisation (CCSO) located in Dhanbad, Raw Materials Division (RMD) and Environment Management Division (EMD) located in Kolkata. The Central Marketing Organisation (CMO), with its headquarters in Kolkata, coordinates the country-wide marketing and distribution network. SAIL Consultancy Division (SAILCON) functions from New Delhi.

Capital Structure

The authorised capital of SAIL is Rs. 5,000 crore. The paid-up capital of the company was Rs. 4,130.40 crore as on 31st March 2006, which was held to the extent of 85.82% by the Government of India and the balance 14.18% by the financial institutions/GDR holders/banks/employees/individuals etc.

Financial Performance

The company recorded a sales turnover of Rs. 32,280 crore in 2005-06. The post-tax net profit for the year 2005-06 was Rs. 4,013 crore. The company paid dividend @ 20% of paid up equity capital for the year 2005-06. The sales turnover and net profit after tax for nine months ended 31st December, 2006 were Rs. 27,654.78 crore and Rs. 4,300.41 crore respectively.

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Production Performance

The details of production plan and achievement for SAIL including its integrated steel plants are as given below:

(in million tonne)

| Items | 2005-06 | | | April-December 2006 | | |
|----------------|---------|--------|----------------|---------------------|--------|----------------|
| | Target | Actual | Fulfilment (%) | Target | Actual | Fulfilment (%) |
| Hot Metal | 13.6 | 14.6 | 108 | 10.4 | 10.8 | 104 |
| Crude Steel | 12.6 | 13.5 | 107 | 9.6 | 10.0 | 104 |
| Saleable Steel | 11.4 | 12.1 | 106 | 8.8 | 9.33 | 107 |

Raw Materials

During 2005-06, the total iron ore production from captive mines of the company was 23.89 million tonne. The flux (limestone/dolomite) production of captive mines during the year was 2.52 million tonne. The production of iron ore and fluxes during the period April-December, 2006 was 17.90 million tonne and 1.99 million tonne (provisional) respectively.

Manpower

The manpower strength as on 31st March, 2006 was 1,38,211 comprising 15,206 executives and 1,23,005 non-executives. The total reduction in manpower achieved during the year stood at 4,864, which included separation of 881 employees through voluntary retirement. The labour productivity improved by around 12% over previous year to 150 tonne crude steel/man/year.

The manpower strength as on 31st December, 2006 was 1,33,435 (comprising 16,219 executives and 1,18,216 employees).

MAHARASHTRA ELEKTROSMELT LTD. (A Subsidiary of SAIL)

Maharashtra Electros melt Ltd. is situated in Chandrapur, Maharashtra and is a major producer of ferro manganese and silico manganese for captive use of SAIL plants.

The authorised and paid-up share capital of the company as on 31.3.2006 was Rs. 30 crore and Rs. 24 crore respectively. SAIL's holding is approximately 99.12% of the paid-up capital.

Financial Performance

During the year 2005-06 the company recorded a turnover of Rs. 247.33 crore (including conversion income of Rs. 171.10 crore) and made a net profit after tax of Rs. 20.97 crore. The turnover and net profit after tax of the company during April, 2006 to December, 2006 were Rs. 220.26 crore (provisional) and Rs. 17.48 crore (provisional) respectively.

Production Performance

The production of all grades of ferro alloys during 2005-06 are as under:

(in tonne)

| Materials | 2005-06 | April to December 2006 (Provisional) |
|-------------------------------|---------|--------------------------------------|
| High Carbon Ferro Manganese | 51,525 | 49,493 |
| Silico Manganese | 46,712 | 32,921 |
| Medium Carbon Ferro Manganese | 2,344 | 164 |

RASHTRIYA ISPAT NIGAM LTD. (RINL)

Visakhapatnam Steel Plant (VSP) is the first shore based integrated steel plant located at Visakhapatnam in Andhra Pradesh. The plant was commissioned in August 1992 with a capacity to produce 3 million tonne per annum of liquid steel. The plant has been built to matching international standards in design and engineering with the state-of-the-art technology, incorporating extensive energy saving and pollution control measures. VSP has an excellent layout, which can be expanded to over 10 million tonne per annum capacity. Right from the year of its integrated operation, VSP established its presence both in the domestic and international markets with its superior quality of products. VSP has been awarded all the three International Standards Certificates, namely, ISO 9001:2000, ISO 14001:1996 and OHSAS 18001:1999. The company has taken significant strides in the area of Corporate Social Responsibility.



Shri Siva Sagar Rao, Chairman-cum-Managing Director, Rashtriya Ispat Nigam Ltd. and Shri Kishanlal Mehrotra, Chairman-cum-Managing Director, Manganese Ore India Ltd., exchanging documents after signing MoU for forming a joint venture.

Production Performance

| Items | 2004-05 | 2005-06 | 2006-07 (up to Dec. 06) | | |
|-------------------------------|--------------|--------------|-------------------------|--------|----------------|
| | | | Target | Actual | Fulfilment (%) |
| Production (in million tonne) | | | | | |
| Hot Metal | 3.920 (115%) | 4.153 (122%) | 3.048 | 3.040 | 100 |
| Liquid Steel | 3.560 (119%) | 3.603 (120%) | 2.672 | 2.676 | 100 |
| Saleable Steel | 3.173 (119%) | 3.237 (122%) | 2.368 | 2.419 | 102 |

*Figures within brackets indicate capacity utilisation.



Hon'ble Prime Minister, Dr. Manmohan Singh laying Foundation Stone for expansion of Visakhapatnam Steel Plant.

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NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

Incorporated on November 15, 1958, the National Mineral Development Corporation Ltd (NMDC) a Government of India Enterprise, is engaged in the business of developing and exploiting mineral resources of the country (other than coal, oil, natural gas and atomic minerals). At present, its activities are concentrated on mining of iron ore, diamonds and silica sand.

NMDC operates the largest mechanised iron ore mines in the country at Bailadila (Chhattisgarh) and Donimalai (Karnataka). The silica sand project is at Lallapur, Allahabad and the diamond mine is situated at Panna (Madhya Pradesh). Mining activities at DMP, Panna were stopped with effect from 22.08.2005 on receipt of notice from Madhya Pradesh Pollution Control Board. The case is pending with Hon'ble Supreme Court of India. NMDC is following up the case for early hearing.

All the iron ore production units have been accredited with ISO 9001:2000 and ISO 14001:2004 certifications. R&D Centre of NMDC was also accredited with ISO 9001:2000 certification.

Iron Ore

NMDC produced 17.27 million tonne of iron ore during the year 2006-07 (up to December 2006). Domestic sales of iron ore was 15.50 million tonne during the year (up to December 2006). Exports of iron ore produced by NMDC is canalised through MMTC Ltd. Iron ore is exported to Japan, South Korea and China. In 2006-07, NMDC exported 1.78 million tonne of iron ore valued at approximately Rs. 429.80 crore.

Diamonds

1705 carats of diamonds were produced during the year 2006-07 up to 18th April '06 after which the plant operations were stopped as desired by Central Empowered Committee constituted by Hon'ble Supreme Court. However, the sale of diamond from existing stock was 7,877 carats valuing Rs. 6.69 crore.

Silica Sand

Production of finished silica sand was 31,798 tonne and the sale was 36,963 tonne during the year 2006-07 (up to December, 2006).

Finance

Capital Structure

The authorised share capital of the company is Rs. 150 crore. The paid up equity share capital was Rs. 132.16 crore. Outstanding loans from Government of India are nil.

Financial Performance

The financial performance of the company for the year 2005-06 and 2006-07 (April-Dec. 06) are given below:

(Rs. in crore)

| Particulars | 2004-05 | 2005-06 | 2006-07 (April-Dec. 06) (Provisional) |
|-------------------|----------|----------|---------------------------------------|
| Sales/Turnover | 2,226.55 | 3,710.92 | 2,790 |
| Gross Margin | 1,287.49 | 2,889.89 | 2,455 |
| Profit before tax | 1,223.65 | 2,770.13 | 2,410 |

MSTC LTD.

MSTC Ltd. (formerly Metal Scrap Trade Corporation Ltd.), a Government of India Enterprise, was set up on September 9, 1964 as a canalising agency for the export of scrap from the country. With the passage of time, the company emerged as the canalising agency for the import of scrap into the country. Import of scrap was de-canalised by the Government in 1991-92 and MSTC has since then moved on to marketing ferrous and miscellaneous scrap arising out of steel plants and other industries and importing coal, coke, petroleum products, semi finished steel products like HR coils and export of primarily iron ore. The company has also established an e-auction portal and undertakes e-auction of coal, diamonds and steel scrap and has developed an e-procurement portal in house.

Capital Structure

The company has an authorised capital of Rs. 5 crore and paid up capital was Rs. 2.20 crore as on 31.12.2006 of which approximately 90% is held by Government of India and balance 10% by members of Steel Furnace Association



of India, Iron and Steel Scrap Association of India and others. Paid up capital of Rs. 2.20 crore includes bonus shares issued in the year 1993-94 in the ratio 1:1.

Physical and Financial Performance

The physical and financial performance of the company for the last two years and for the year 2006-07 (up to December, 2006) is given below:

| Items | 2004-05 | 2005-06 | (Rs. in crore) |
|---|--------------|--------------|---------------------------------|
| | | | 2006-07 (up to December, 06) |
| A. Physical | | | |
| (i) Selling Agency/Domestic | 1,076 | 3,230 | 2,198 |
| (ii) Marketing | 4,720 | 4,541 | 2,478 |
| (iii) Total volume of Business | 5,796 | 7,771 | 4,676 |
| B. Financial | | | |
| (i) Turnover | 4,960.03 | 4,172.75 | 2,170.48 |
| (ii) Operating Profit (before interest, depreciation and provision) | 65.26 | 86.15 | 47.00 |
| (iii) Interest, depreciation and provision | 0.49 | 0.45 | 1.50 |
| (iv) Profit before Tax | 64.77 | 85.70 | 45.50 |
| (v) Dividend | 349% | 498% | - |

FERRO SCRAP NIGAM LTD. (FSNL)

Ferro Scrap Nigam Ltd. (FSNL) is a wholly owned subsidiary of MSTC Ltd. with a paid up capital of Rs. 2 lakh.

The company undertakes the recovery and processing of scrap from slag and refuse dumps in the nine steel plants at Rourkela, Burnpur, Bhilai, Bokaro, Visakhapatnam, Durgapur, Dolvi, Duburi and Raigarh.

The scrap recovered is returned to the steel plants for recycling/disposal and the company is paid processing charges on the quantity recovered at varying rates depending on the category of scrap. Scrap is generated during iron and steel making and also in the rolling mills. In addition, the company is also providing steel mill services such as scarfing of slabs, handling of BOF slag, etc.

Physical and Financial Performance

The production performance of FSNL for the last two years and for the year 2006-07 (up to December 06) are given below:

| Items | 2004-05 | 2005-06 | 2006-07 (up to December, 06) |
|---|----------|-----------|---------------------------------|
| PHYSICAL | | | |
| Recovery of scrap (lakh metric tonne) | 21.74 | 22.46 | 15.93 |
| Market Value of Production (Rs. in crore) | 956.56 | 988.24 | 700.92 |
| FINANCIAL (Rs. in lakh) | | | |
| Total Turnover i.e, Service charges realised including miscellaneous Income, etc. | 9,818.22 | 10,679.37 | 7,655.57 |
| Gross Margin before Interest & Depreciation | 1,678.79 | 1,865.14 | 1,052.84 |
| Interest & Depreciation | 830.14 | 1,009.70 | 847.28 |
| Profit before Tax | 848.65 | 855.44 | 205.56 |

MANGANESE ORE (INDIA) LTD. (MOIL)

Manganese Ore (India) Ltd. (MOIL) was established in 1962. It is the largest producer of manganese ore in India. At the time of inception, 49% of its shares were held by the Central Province Manganese Ore Co Ltd. (CPMO) and the remaining 51% in equal proportion by Government of India and the State Governments of Madhya Pradesh

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and Maharashtra. Subsequently, in 1977, the Government of India acquired the shares held by C.P.M.O. in MOIL and MOIL became a wholly owned Government company with effect from October, 1977. As on 30.11.2006, Government of India held 81.57% shares in MOIL with State Governments of Maharashtra and Madhya Pradesh holding 9.61% and 8.82% shares respectively.

MOIL Produces and Sells following Grades of Manganese Ore

- High grade ores for production of ferro manganese .
- Medium grade ores for production of silico manganese.
- Blast furnace grade ore required for production of hot metal
- Dioxide ore for dry battery cells and chemical industries.

Capital Structure

The authorised capital of the company is Rs. 30 crore and paid-up Capital is Rs. 28 crore as on November 30, 2006.

Production and Financial Performance

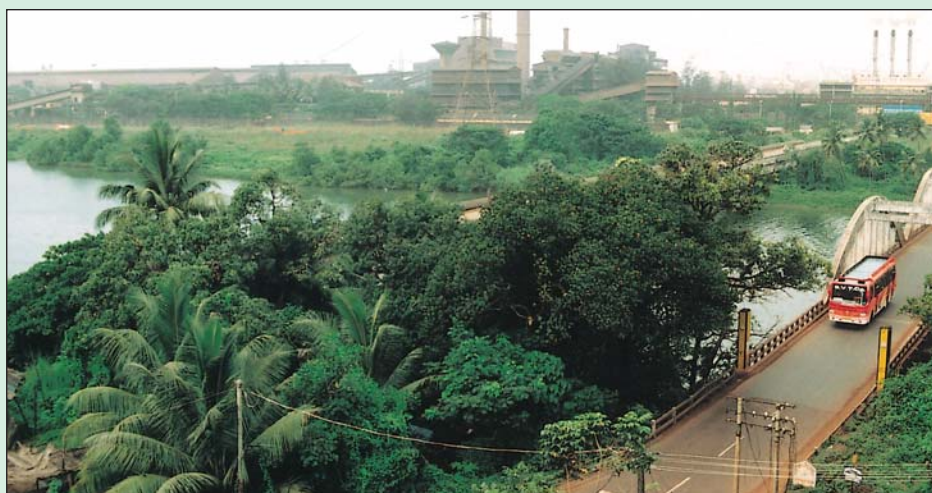
The physical and financial performance of the Company during 2004-05, 2005-06 and 2006-07 (April-Dec. 2006) are given below:

| Items | 2004-05 | 2005-06 | 2006-07 (Prov.) (April-Dec. 06) |
|---|---------------|---------------|------------------------------------|
| 1. Production: | | | |
| a) Manganese Ore (thousand tonne) | 943.00 | 865.00 | 825.33 |
| b) Electrolytic Manganese Dioxide (tonne) | 1,123.00 | 1,301.00 | 460.00 |
| c) Ferro Manganese (tonne) | 10,325.00 | 6,170.00 | 8,294.00 |
| 2. Turnover (Rupees in crore) | 378.78 | 334.09 | 294.63 |
| 3. Profit before Tax (Rupees in crore) | 202.27 | 169.00 | 120.87 |

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

Kudremukh Iron Ore Company Ltd (KIOCL), an 100% Export Oriented Unit, ISO 9001:2000 and ISO 14001 company was established in April, 1976 to meet the long term requirements of Iran. An iron ore concentrate plant of 7.5 million tonne capacity was set up at Kudremukh. This project was to be financed in full by Iran. However, as Iran stopped further loan disbursements after paying US \$ 255 million, the project was completed as per schedule with the funds provided by Government of India.

While the project was commissioned on schedule, consequent upon the political developments in Iran, they did not lift any quantity of concentrate. As a diversification measure, the Government approved the construction of a 3 million tonne per year capacity pellet plant in Mangalore in May, 1981. The capacity of the pellet plant was increased to 3.5 million tonne with additions/modifications. The plant went into commercial production in 1987 and is now exporting blast furnace grade pellets to China and also to domestic units such as Ispat Industries Ltd. and Rastriya Ispat Nigam Ltd.



Aerial view of Pellet Plant, Mangalore.



Production

A target of 3.1 million tonne and 3.05 million tonne was set for production of iron ore concentrate and iron oxide pellets respectively during the year 2005-06. Actual production was 2.922 million tonne of concentrate and 2.834 million tonne of pellets.

The target set for production during the year 2006-07 is 3.05 million tonne of pellets. In pursuance of directive of Hon'ble Supreme Court dated 30-09-2005, the mining activities at Kudremukh were stopped on 31-12-2005. Therefore, there is no production of iron ore concentrate during the year 2006-07. As against a target of 1.88 million tonne of pellets fixed for the period April to November, 2006, the actual production was 0.275 million tonne which represents 15% target fulfilment. There is shortfall in production of pellets up to November, 2006 during 2006-07. The shortfall in production of pellets is on account of operational problems being encountered in the pellet plant after switching over to usage of 100% hematite ore from magnetite ore. There was excessive generation of super fines (slimes) affecting filtration, clogging of filters, overflow and contamination of process water due to filling of cooling pond affecting production. While efforts are continuing to rectify the problems, the operation of pellet plant is yet to stabilize and normal production is yet to commence.

The sales revenue during the last five years and up to November, 2006, during 2006-07 are detailed below:

(Rs. in lakh)

| Years | Concentrate | Pellets | Total |
|--------------------------------|-------------|----------|----------|
| 2006-07 (up to December, 2006) | - | 12,427 | 12,427 |
| 2005-06 | 12,091 | 1,11,137 | 1,23,228 |
| 2004-05 | 16,050 | 1,69,327 | 1,85,377 |
| 2003-04 | 20,209 | 82,729 | 1,02,938 |
| 2002-03 | 21,135 | 51,579 | 72,714 |
| 2001-02 | 21,571 | 50,598 | 72,169 |

Financial Performance

An overview of the performance of KIOCL during the year 2006-07 (up to November, 2006) together with actuals for the previous three years, is indicated below:

(Rs. in lakh)

| Particulars | 2006-07 (up to December, 2006) | 2005-06 | 2004-05 | 2003-04 |
|---|-----------------------------------|----------|----------|----------|
| Total value of Sales | 12,427 | 1,23,228 | 1,85,377 | 1,02,938 |
| Gross Margin | 2,620 | 68,706 | 1,20,863 | 45,945 |
| Profit after Tax | 1,029 | 35,630 | 64,984 | 30,070 |
| Inventories (excluding finished stock) | 20,417 | 15,843 | 8,720 | 7,616 |

BIRD GROUP OF COMPANIES

Consequent upon nationalisation of the undertaking of Bird and Company Ltd in 1980, the following seven companies came under the administrative control of the Ministry of Steel, Government of India:

- (a) The Orissa Minerals Development Company Limited (**OMDC**)
- (b) The Bisra Stone Lime Company Limited (**BSLC**)
- (c) The Karanpura Development Company Limited (**KDCL**)
- (d) Scott & Saxby Limited (**SSL**)
- (e) Eastern Investments Limited (**EIL**)
- (f) Burrakar Coal Company Limited (**Burrakar**)
- (g) Borrea Coal Company Limited (**Borrea**)

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The status of the companies is as under:

- Burrakar and Borrea coal companies became non-operational after nationalisation of coal mines. The two companies are in the process of liquidation. The official liquidator has already taken over the assets and liabilities of these two companies.
- EIL being an investment company is having a major stake in the equity shares of operating companies under the Bird Group.
- OMDC, BSLC, KDCL & SSL are operating companies under the Group.

Status of the Companies at the Time of Nationalisation

At the time when the Bird Group of Companies came under the administrative control of the Ministry of Steel, Government of India, all of them were financially sick and burdened with various problems. With the financial support from the Government of India, problems relating mainly to excessive manpower, erosion of working capital and outstanding liabilities could be settled to a considerable extent.

PERFORMANCE OF THE INDIVIDUAL OPERATING COMPANIES

THE ORISSA MINERALS DEVELOPMENT COMPANY LTD. (OMDC)

Location of mines, activities and capital structure

The mines of the company are located around Barbil, Keonjhar district, Orissa. The activities relate to mining and marketing of iron ore and manganese ore. The authorized as well as paid up capital is Rs. 60 lakh.

Performance

In view of buoyancy in the steel market, the demand for iron ore increased substantially. Due to higher production and better realisation, the company staged a turnaround in 2002-03.

The performance of the company is given below.

(Rs. in lakh)

| Particulars | 2004-05 | 2005-06 | 2006-07 (Prov.) (April-Dec. 06) |
|--|---------|---------|------------------------------------|
| Production ('000 metric tonne) | 3,232 | 2,416 | 2,064 |
| Sales | 28,346 | 25,271 | 23,246 |
| Gross Margin before Interest on Government Loans & Depreciation | 23,342 | 19,287 | 19,083 |
| Net Profit/Loss | 14,555 | 12,993 | 12,382 |

THE BISRA STONE LIME COMPANY LTD. (BSLC)

Location of Mines, Activities and Capital Structure

The mines of the company are located around Biritrapur in the district of Sundargarh, Orissa. The main activities of the company are mining and marketing of limestone and dolomite. The authorized as well as paid up capital is Rs. 50 lakh.

Performance

With the change in steel making technology, the demand of BSLC's products declined sharply and consequently the company ran into heavy losses. With financial support from the Government of India in the form of plan loan and non-plan loan, the company was in a position to keep its existence and take some steps for augmentation of production. Measures were taken to change the product mix and improve upon the quality. The modification work has been undertaken for placing one rake of 58 BOX N wagons into two parts in order to avoid delay in loading of wagons and demurrage for detention for earlier placing of rakes in three parts. MoU has been signed with SAIL for steady dispatch of limestone and dolomite to eastern sector steel plants of SAIL. With such initiatives, the performance of company has improved during this current financial year.



The performance of the company is given below:

(Rs. in lakh)

| Particulars | 2004-05 | 2005-06 | 2006-07(Prov.) (April-Dec. 06) |
|--|-----------|-----------|-----------------------------------|
| Production ('000 metric tonne) | 796 | 956 | 649 |
| Sales | 2,254 | 3,012 | 2,397 |
| Gross Margin before Interest on Government Loans & Depreciation | (-) 215 | (-) 266 | 65 |
| Net Profit/Loss | (-) 5,495 | (-) 6,412 | (-) 5,245 |

THE KARANPURA DEVELOPMENT COMPANY LTD. (KDCL)

Location of Mines, Activities and Capital Structure

The mines of the company are located around Sirka, Jharkhand. The company produces limestone suitable for cement manufacture. The authorized and paid up capital is Rs. 40 lakh and Rs. 20 lakh respectively.

Performance

The company markets its products mainly in the states of Jharkhand and Bihar. Demand of cement grade limestone in these states has been fluctuating, thereby affecting the performance of the company. The company is taking steps to augment production by development of mines and exploring new markets to push up dispatch.

The performance of the company is given below:

(Rs. in lakh)

| Particulars | 2004-05 | 2005-06 | 2006-07(Prov.) (April-Dec. 06) |
|--|---------|---------|-----------------------------------|
| Production of Limestone ('000 Metric tonne) | 79 | 77 | 52 |
| Sales | 185 | 197 | 140 |
| Gross Margin before Interest on Government Loans & Depreciation | 4 | 4 | (-) 1 |
| Net Profit/Loss | (-) 135 | (-) 163 | (-)148 |

SCOTT & SAXBY LTD. (SSL)

Location of Mines, Activities and Capital Structure

The company's works are located in Kolkata. The company is mainly engaged in the activities of sinking of deep tubewells and mineral exploration. The authorized as well as paid up capital of the company is Rs. 5 lakh.

Performance

The company's performance is not satisfactory because of impediments like dearth of orders, old and worn out machinery and excessive manpower. The performance of the company is given below:

(Rs. in lakh)

| Particulars | 2004-05 | 2005-06 | 2006-07 (Prov.) (April-Dec. 06) |
|--|---------|---------|------------------------------------|
| Sales | 161 | 155 | 74 |
| Gross Margin before Interest on Government Loans & Depreciation | (-) 6 | (-) 117 | (-) 22 |
| Net Profit/Loss | (-) 721 | (-) 978 | (-) 787 |

The company is taking steps to augment the activity in the existing field of business i.e. sinking of deep tubewells in order to achieve the target. It is also exploring other areas of activities within the group companies for deployment of workmen in order to add to revenue. The company is also contemplating further rationalization of surplus manpower.

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SPONGE IRON INDIA LTD. (SIIL)

Sponge iron plant of the company was initially established as a demonstration unit with a capacity of 30,000 Tonne Per Annum (TPA) with UNDP/UNIDO assistance to establish the techno-economic feasibility of producing sponge iron (a part substitute for ferrous scrap used by induction and electric arc furnaces) from lump iron ore and 100% non coking coal. The unit, based on non coking coal from Singareni Collieries Company Ltd. (SCCL) and iron ores available at various regions in Andhra Pradesh and neighbouring states went into regular operations in November, 1980. Several improvements and modifications were effected to the sponge iron plant based on rotary kiln process to suit the local raw materials and operating conditions, as a result of which it has not only helped developing technology for SIIL but also paved way for the development of Sponge Iron Industry in the country.

Performance (up to December, 2006)

- i) The production during 2006-07 up to 31.12.06 was 40,323 tonne with a capacity utilisation of 90%.
- ii) The average sales realisation of Rs. 8,775 per tonne of sponge iron achieved during 2006-07 up to 31.12.06.
- iii) The sales turnover achieved during 2006-07 up to 31.12.06 was Rs. 35.59 crore.
- iv) The operating profit would be Rs. 3.36 crore up to 31.12.06.

Finance

Consequent upon the approval accorded by the Government of India for conversion of outstanding loans (both plan and non-plan) from Government of India amounting to Rs. 32.51 crore into equity and for write off of the accumulated interest amounting to Rs. 36.78 crore (including penal interest of Rs.13.23 crore w.e.f. 01.04.2000) the authorised share capital of the company stood at Rs. 66.00 crore on 31.03.2006; paid up capital was Rs. 65.10 crore. (Rs. 64.27 crore held by Government of India and the balance of Rs. 0.83 crore by the Government of Andhra Pradesh) and same capital structure would remain as on 31.12.06.

Production

The production and financial performance of the company during the last two years, together with provisional figures for 2006-07 up to 31.12.06 is furnished in the table below:

| Particulars | 2004-05 | 2005-06 | 2006-07 up to Dec. 06 (Prov.) |
|--|---------|---------|----------------------------------|
| Production | | | |
| - Sponge Iron (tonne) | 57,501 | 48,302 | 40,323 |
| - Power Generation (lakh Kwh) | 89 | 49 | 40 |
| - Capacity Utilisation (%) | 96 | 81 | 90 |
| Sales | | | |
| - Sponge Iron (tonne) | 58,174 | 48,215 | 40,550 |
| - Sales Turnover (Net) (Rs. in lakh) | 6,197 | 4,304 | 3,559 |
| - Generation of Internal Resources (Rs. in lakh) | 1,656 | 692 | 426 |
| - Net Profit (Rs. in lakh) (Profit before Tax) | 1,424 | 566 | 336 |

MECON LTD.

MECON Limited is one of the leading multi-disciplinary design, engineering, consultancy and contracting organisation in the field of iron & steel, chemicals, refineries & petrochemicals, power, roads & highways, railways, water management, ports & harbours, gas & oil, pipelines, non ferrous, mining, general engineering, environmental engineering and other related/diversified areas with extensive overseas experience. MECON has all technical disciplines including civil, structural, architecture, mechanical, chemical, ceramics, electrical, electronics and control system, instrumentation, environmental engineering, power, computer, management advisory services, etc. MECON's services include the entire gamut of work relating to setting up of projects in greenfield as well as brown field from concept to commissioning.



MECON, an ISO:9001-2000 accredited company, registered with WB, ADB, EBRD, AFDC and UNIDO, has wide exposure and infrastructure for carrying out engineering, consultancy and project management services for mega projects encompassing architecture & town planning, civil works, structural works, electric, air conditioning & refrigeration, instrumentation, utilities, material handling & storage, computerisation etc. MECON has collaboration agreements with leading firms from the USA, Germany, France, Italy, Russia, etc. in various fields. MECON is quite familiar in working with collaborators who provide process know-how and basic engineering.

Capital Structure

The authorised share capital of the company is Rs. 400 lakh against which the paid up capital is Rs. 242 Lakh. Out of the paid up capital of Rs. 242 Lakh, Bonus Share of Rs. 40.30 Lakh were issued during the year 1996-97.

Business Diversification

Maintaining steel as core sector of business, MECON has made forays into a number of diversified sectors of the economy especially Oil & Gas, Power and Infrastructure. The Company has gained substantial experience and recognition in some of these sectors and is building up a strong portfolio of services to meet the growing demand of Clients. This would also help the Company in adjusting to the sectoral market fluctuations by aligning itself towards the sectors having higher opportunities in future.

The company has procured many major work orders in diversified sectors. These include detailed installation of 3000/1500 tonne per hour lignite handling plant on turnkey basis for Neyveli Lignite Corporation for their 2x250 MW capacity Thermal Power Station-II expansion, engineering & consultancy for 2x120 MW Thermal Power Plant for NALCO, Project Management Center Services for Phase-I and Phase-II for Travancore Titanium Products Limited, Design Engineering & Project Management Center Services for 60 Km. natural gas pipeline from Padamla to Godhra in Gujarat for Gujarat State Petronet Limited, Design Engineering & Project Management Center Services for setting up of Compressed Natural Gas (CNG) stations and city gas Distribution System, Engineering of TiO₂ Plant for Travancore Titanium Products Limited, Mineral Separation Plants for KMML. This in turn has made us a leading Consultant in providing consultancy services for Titanium Dioxide and Mineral Separation Plants in India.

Other major engineering consultancy assignments in diversified sector include preparation of Detailed Project Report (DPR) for 5 districts for Orissa and Jharkhand Rural Electrification Project from NESCL, Noida; Consultancy and surveillance services under the APDRP of Ministry of Power for the States of Jharkhand, Rajasthan, Tamil Nadu and West Bengal; Inspection and site services from Delhi Jal Board and EIA/EMP studies for 1200 MW coal based Thermal Power Plant at Hissar from HPGCL, Haryana.

In the Power and Power Reforms Sector, the Company is providing “one stop” services to various clients, be it in Generation, Transmission & Distribution; RMU; Energy efficiency & Energy audit, Clean Development Mechanism (CDM), Capacity building or Reform Initiatives. The Company is associated in a big way in the Accelerated Power Development & Reforms Programme (APDRP) of Ministry of Power (MoP), Government of India. The Company is also involved in preparation of DPRs for four districts in Jharkhand under Rajiv Gandhi Gramin Vidyuteekaran Yojna (RGGVY) Projects. The Company is extensively involved in carrying out studies related to Renovation & Modernisation as well as Residual Life Assessment for Thermal as well as Hydel power plants.

In the diversified areas of Port & Material Handling, the company has made a major breakthrough by way of securing one major turnkey supply project in the material handling area. The contract is also a milestone in making inroads in the material handling for a lignite-based power plant for 2x250 MW capacity in Neyveli Lignite Corporation.

Further breakthrough has been made in Warehousing Projects. After completing modernisation of Central Ordnance Depot (COD) at Kanpur, DPRs have been submitted to Ministry of Defence for modernisation of CODs at Agra and Jabalpur. The work has also started on providing Model Stores for ONGC at various locations. MECON has successfully commissioned the depot ship of project seabird at Karwar in time.

HINDUSTAN STEELWORKS CONSTRUCTION LTD. (HSCL)

Hindustan Steelworks Construction Limited (HSCL) was incorporated in June 1964 with the primary objective of creating in the Public Sector an organisation capable of undertaking complete construction of modern integrated

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Steel Plants. HSCL had done the construction work of Bokaro Steel Plant, Vizag Steel Plant and Salem Steel Plant from the inception till commissioning and was associated with the expansion and modernisation of Bhilai Steel Plant, Durgapur Steel Plant, IISCO (Burnpur) and also Visvesvaraya Iron & Steel Plant Bhadravati. With the tapering of construction activities in Steel Plants, the company intensified its activities in other sectors like Power, Coal, Oil and Gas. Besides this, HSCL diversified in Infrastructure Sectors like Roads/Highways, Bridges, Dams, Underground Communication and Transport system and Industrial and Township Complexes involving high degree of planning, co-ordination and modern sophisticated techniques.

The Company has developed its expertise in the areas of Piling, Soil investigation, Massive foundation work, High rise structures, Structural fabrication and Erection, Refractory, Technological structures and Pipelines, Equipment erection, instrumentation including testing and commissioning.

The Company has also specialised in carrying out Capital repairs and Rebuilding work including hot repairs of Coke Ovens and Blast Furnaces and other allied areas of Integrated Steel Plants.

Capital Structure

The Authorised and Paid-up Share Capital as on date is Rs. 150 crore and Rs. 117.10 crore respectively. The total amount of Government of India Loan outstanding as on date is Rs. 518.20 crore (Plan Loan Rs. 26.50 crore and Non-Plan Loan Rs. 491.70 crore). Company has received Rs. 222.44 crore from Govt. as Non-Plan assistance to pay salaries & wages and statutory dues to the Employees after implementation of Restructuring Package in 1999.

Performance Highlights

The financial performance of the company during the period 2005-06 and 2006-07 are as under:

(Rs. in crore)

| Particulars | 2005-06 | 2006-07 (April-October 2006) |
|--|---------|------------------------------|
| Turnover | 349.80 | 213.25 |
| Operational Profit (Profit before Interest, Depreciation & Tax) | 30.96 | 10.16 |
| Net Loss | 85.97* | 53.42** |

Interest on Loan received from Bank is subsidised by Government of India.

* The loss includes Rs. 31.11 crore, 1/5th of the expenditure incurred for Voluntary Retirement.

** The loss includes Rs. 11.89 crore, towards Voluntary Retirement Scheme expenditure.

BHARAT REFRACTORIES LTD. (BRL)

Bharat Refractories Ltd. a Government of India undertaking was incorporated on July 22, 1974 and at present it has the following four units:

- i) Bhandaridah Refractories Plant at Bhandaridah;
- ii) Ranchi Road Refractories Plant at Ramgarh;
- iii) Bhilai Refractories Plant at Bhilai; and
- iv) IFICO Refractories Plant at Ramgarh.

The company is engaged in the manufacture and supply of various kinds of refractories not only to the integrated steel plants but also to the mini steel and midi steel plants. The authorized share capital of the company as on March 31, 2006 was Rs. 24,600.00 lakh against which the paid-up capital was Rs. 22,279.42 lakh.



Performance

The production performance of the different units of the Company during 2005-06 and 2006-07 was as follows:

(quantity in tonne)

(value Rs. in lakh)

| Units | 2005-06 | | 2006-07 (up to December, 06) | | | |
|---------------------------------------|---------------|------------------|------------------------------|-----------------|---------------|------------------|
| | Actual | | Target | | Actual | |
| | Quantity | Value | Quantity | Value | Quantity | Value |
| Bhandaridah Refractories Plant (BHRP) | 26,857 | 4,847.59 | 18,420 | 1,959.75 | 20,170 | 4,294.99 |
| Ranchi Road Refractories Plant (RRRP) | 6,416 | 2,151.18 | 7,800 | 2,132.25 | 5,236 | 1,774.12 |
| Bhilai Refractories Plant (BRP)* | 26,225 | 5,284.46 | 14,850 | 2,157.75 | 20,180 | 4,079.20 |
| IFICO Refractories Plant (IFICO RP) | 22,181 | 3,786.74 | 14,850 | 2,157.75 | 17,802 | 2,959.53 |
| Total | 81,679 | 16,069.97 | 56,733 | 8,764.50 | 63,388 | 13,107.84 |

* Includes production of 9,480 Metric tonne of magnesia Carbon Bricks valuing Rs. 2,644.92 lakh under conversion cost basis supplied to Bhilai Steel Plant (BSP)

Financial Performance

During the year 2005-06, the loss before interest and depreciation in respect of BRL amounted to Rs. 1,544.22 lakh, but after providing for interest, depreciation, prior period adjustment, Voluntary retirements and fringe benefit tax to the tune of Rs. 15,476.55 lakh, Rs. 327.27 lakh, Rs. 341.86 lakh, Rs. 21.50 lakh and Rs. 14.26 lakh respectively, it incurred a net loss of Rs. 707.22 lakh. (April-December 2006-Interest Rs. 1,161 lakh, Depreciation Rs. 246.5 lakh, Prior Period Adjustment nil, Voluntary Retirement Rs. 19.02 lakh & Fringe Benefit Tax Rs. 15.30 lakh).



CHAPTER-IV

PRIVATE SECTOR

The private sector of the Steel Industry is currently playing an important and dominant role in production and growth of steel industry in the country. During the period (April-December 2006), 20.5 million tonne of steel was produced by Private Sector steel units, out of the total production of 33.15 million tonne in the country. The private sector units consist of major steel producers in one hand and relatively smaller & medium units such as Sponge iron plants, Re-rolling mills, Electric Arc Furnaces and Induction Furnaces on the other. They not only play an important role in production of primary and secondary steel, but also contribute substantial value addition in terms of quality, innovation and cost effectiveness.

TATA STEEL LTD.

Tata Steel has an integrated steel plant, with an annual crude steel making capacity of 5 million tonne, located at Jamshedpur, Jharkhand.

The steel works is situated at Jamshedpur in the state of Jharkhand, India. The factory covers 800 hectares of land. West Bokaro sub division in Hazaribagh district covers 2000 hectares of land in which mining and coal beneficiation activities are performed. Jharia Division occupies 2500 hectares of land for its industrial, mining and domestic activities in the district of Dhanbad both in the state of Jharkhand. The iron ore and dolomite mines are located at Noamundi in the state of Jharkhand and at Joda, Kalamati, Khondbond and Gomardih in the state of Orissa.

Over the years, Tata Steel has emerged as a thriving, nimble steel enterprise due to its ability to transform itself rapidly to meet the challenges of a highly competitive global economy and commitment to become a supplier of choice. Constant modernization and introduction of state-of-the-art technology at Tata Steel has enabled it to stay ahead in the industry.

Tata Steel has completed the first nine months of fiscal 2006-07 with impressive increase in its production and sales volumes. The hot metal production at 4.1 million tonne is 8.2% more compared to the last year in the corresponding period and crude steel production at 3.7 million tonne is higher by 7.9% compared to the last year in first three quarters. The saleable steel production at 3.7 million tonne registered a significant increase of 11%.



View of a Blast Furnace.

The total sales of 3.53 million tonne has grown by 11.7% over last financial year in the corresponding period. The domestic sale of long products has increased by 30%.

Tata Steel is continuing with its programme of expansion of steel making capacity by 1.8 million tonne to reach the rated capacity of 6.8 million tonne in fiscal 2007-08 and thereafter to 10 million tonne by fiscal 2010.

Tata Steel's greenfield projects in Orissa and Chattisgrah are progressing on schedule with placement of equipment order for Kalinganagar project in Orissa and commencement of the land acquisition process. Jharkhand project is awaiting announcement of R & R policy of the state Government. The construction work of ferrochrome project in South Africa is in full swing.

Acquisition of Corus: Recently Tata Steel acquired the Anglo-Dutch steel maker Corus, thus emerging as the fifth largest steel producer in the world.



ESSAR STEEL LTD.

Essar Steel is an integrated steel producer, with operations all along the value chain. Essar Steel produces some of the world's best steel at its state-of-the-art steel complex at Hazira, Gujarat. It is also India's largest exporter of flat products, sending half of its production abroad, mainly to the highly demanding markets of the west, and the growth markets of South East Asia and Middle East. Essar ensures excellent customer services through a modern distribution network.

Essar Steel's core manufacturing facilities are located at its steel complex in Hazira, Gujarat. The Hazira complex includes a 5.5 million tonne per annum Hot Briquetted Iron (HBI) plant, a 4.6 mtpa continuous caster slab facility, a 3.6 million tonne per annum Hot Rolled Coils (HRC) and a 1.2 mtpa cold roll mill complex with all down stream facilities. The facilities are complemented by its own 8.0 mtpa pellet plant at Vishakapatnam and 0.4 million tonne per annum cold rolled coil plant at Indonesia.

Expansion

Presently Essar Steel has embarked upon a capacity expansion for enhancement of its production capacity from 4.6 million tonne per annum to 7.6 million tonne per annum. The capacity expansion programme will consist of 2 units of Corex units of 1.5 million tonne per annum each. Further value addition will be carried out by Continuous Strip Caster Mill, conventional Slab Caster Mill and a 5.2 meter Wide Plate Mill.

Products

All Essar Steel's products are world class, meeting the highest international standards, supported by excellent marketing and service.

JSW STEEL LTD.

JSW Steel Ltd. is a 3.8 million tonne per annum integrated steel plant, having a process route consisting broadly of iron ore beneficiation – pelletisation – sintering – coke making – iron making through blast furnace as well as Corex process – steel making through BOF–continuous casting of slabs – hot strip rolling. The production facilities include 3.0 million tonne per annum iron ore beneficiation unit, 5.0 million tonne per annum pellet plant, 3.2 million tonne per annum sinter plant, 1.2 million tonne per annum coke ovens, 0.9 + 1.3 million tonne per annum blast furnaces, two Corex units of 0.8 million tonne per annum each, 3 X 130 t converters, three slab casters, and a 2.5 million tonne per annum hot strip mill with state-of-the-art coil box technology.

JSW Steel has a distinction of being certified to ISO-9001:2000 Quality management system, ISO-14001:1996 environment management system and OHSAS 18001:1999 occupational health and safety management system. During this year, JSW Steel has also been conferred with a number of awards.

Expansion Capacity

The project for expansion of the present production capacity of JSW Ltd. from 4 million tonne per annum to 7 million tonne per annum is under anvil at the Vijaya nagar Plant. This will also include captive power generation of the unit to 1,100 mw, by addition of 600 mw of additional power production. The project is likely to be commissioned by 2007-08.

Production Performance

| Items | <i>(in million tonne)</i> | | | |
|------------------|---------------------------|---------|---------|---------------|
| | 2003-04 | 2004-05 | 2005-06 | April-Dec. 06 |
| Pellets | 3.25 | 3.61 | 3.80 | 2.93 |
| Hot Metal | 1.63 | 1.96 | 2.40 | 2.19 |
| Slabs | 1.61 | 1.87 | 2.25 | 1.95 |
| Hot Rolled Coils | 1.54 | 1.78 | 2.10 | 1.48 |

JINDAL STEEL AND POWER LTD. (JSPL)

Jindal Steel and Power Ltd. (JSPL), part of the \$4 billion Jindal Organisation, has business interests in steel, power generation, mining iron ore, coal and diamond exploration/mining. The current turnover of the company is over Rs. 3,000 crore. JSPL is the world's largest producer of coal based sponge iron. The product range encompasses

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steel slabs, rounds, blooms and beam blanks. JSPL is producing rails and H beams and columns in technical collaboration with JFE Corporation, Japan. These H-beams are the most desired option of structural engineers worldwide. JSPL is the largest private sector investor in the state of Chhattisgarh with a total investment commitment of more than Rs. 10,000 crore. The company is also setting up a 6 million tonne steel plant in Orissa with an investment of Rs. 13,500 crore and a 5 million tonne steel plant in Jharkhand with an investment of Rs 11,500 crore.

Jindal Power Ltd., wholly-owned subsidiary of JSPL, is setting up a 1000 mega watt O.P. Jindal super thermal power plant at Raigarh, with an investment of over Rs. 4,500 crore. JSPL has been rated as one of the best environmentally managed companies in India and committed to environment protection as an integral part of their business activities.

ISPAT INDUSTRIES LTD. (IIL)

Ispat Industries Ltd. (IIL) has set up integrated steel plants at Dolvi (district Raigad), a backward region of Maharashtra, with a capacity of 3 million tonne of hot rolled coils per annum. The plant has got a 2.24 million tonne per annum sintering plant, 2 million tonne per annum blast furnace and 1.6 million tonne per annum gas based sponge iron plant. IIL have uniquely combined the usage of hot metal and sponge iron in the electric arc furnace for production of liquid steel for the first time in India. IIL have also adopted the state-of-art technology called Compact Strip Production (CSP) process, which has been installed for the first time in India and produces high quality and very thin gauges of Hot Rolled Coils (HRC). The IIL's products are accepted in the domestic and international market.

The production performance of IIL during last three years has been as follows:

| Products | 2003-04 | 2004-05 | 2005-06 | (in million tonne) |
|------------------|---------|---------|---------|---------------------------------|
| | | | | 2006-07 (up to December, 06) |
| Hot Metal | 1.29 | 1.40 | 1.42 | 1.14 |
| Sponge Iron | 1.06 | 1.05 | 0.89 | 0.85 |
| Hot Rolled Coils | 1.62 | 1.97 | 2.15 | 1.97 |

The two thin slab casters each with designed capacity to cast 55 and 60 mm slabs with liquid Core Reduction (LCR) features available. Ispat's casters have achieved global benchmark in annual production, as confirmed by Steel Melting Shop (SMS) Demag, the technology supplier.

SPONGE IRON INDUSTRY

India is the world's largest producer of sponge Iron. The growth of sponge iron especially during last five to six years in terms of capacity and production has been substantial. The installed capacity of sponge iron increased from 1.52 million tonne per annum in 1990-91 to 12.37 million tonne 2004-05. The production has increased from 0.9 million tonne in 1990-91 to 10.30 million tonne in 2004-05. At present, there are 222 sponge iron units installed in the country having a capacity of 18.95 million tonne per annum. Out of this, there are 219 coal-based units in operation with a capacity of 12.85 million tonne per annum. There are three gas-based units covering a capacity of 6.11 million tonne per annum.

The production of sponge iron units, which are reporting their production during the last four years and the current year is given as under:

| Particulars | 2002-03 | 2003-04 | 2004-05 | 2005-06 | (in million tonne) |
|--------------------|-------------|-------------|--------------|--------------|-----------------------|
| | | | | | April-Dec. 06 (Prov.) |
| Total Reported | 6.91 | 8.09 | 10.30 | 12.65 | 11.50 |
| Total Estimated | - | - | - | - | - |
| Grand Total | 6.91 | 8.09 | 10.30 | 12.65 | 11.50 |

PIG IRON INDUSTRY

Pig Iron is one of the basic raw materials required by the foundry and casting industry for manufacture of various types of castings for the engineering sector. M/s Usha Martin Industries Ltd., M/s Jindal Steel and Power Ltd. and M/s Ispat Industries Ltd. have integrated the Mini Blast Furnace (MBF) and is using the hot metal in the charge-mix



directly for manufacture of steel through electric arc furnace. M/s Hospet Steel, a joint venture of Kalyani and Mukand and M/s Southern Iron and Steel Company Ltd. have integrated their MBF with energy optimizing furnace for manufacture of steel. The excess hot metal produced by them supplements the pig iron production. Besides MBF, a Corex plant (alternative to conventional MBF/BF) along with down stream steel making through Basic Oxygen Furnace (BOF) which has been commissioned in Karnataka by M/s JSW Steel Ltd., also supplements the production of Pig Iron.

The production of Pig Iron during the last three years and current year are given in the table below:

(in million tonne)

| Type of the units | 2003-04 | 2004-05 | 2005-06 | April-Dec. 06 (Prov.) |
|------------------------------|--------------|--------------|--------------|-----------------------|
| Private/ Secondary Producers | 2.798 (74%) | 2.603 (81%) | 3.688 (79%) | 2.650 (79%) |
| Total | 2.798 | 2.603 | 3.688 | 2.650 |

NB.: The figures within brackets indicate the percentage contribution by the respective sectors.

ELECTRIC ARC FURNACE INDUSTRY

At present, there are 38 electric arc furnace based steel plants working in the country with an aggregate capacity of 8.73 million tonne per annum. Apart from the working units there are around 13 units, which are closed. Production of ingots/concast billets by Electric Arc Furnace (EAF) units, which have been reporting their production to Joint Plant Committee (JPC), during 2005-06 was 8.43 million tonne as compared to 7.84 million tonne during 2004-05 registering a growth of 21%. This sector continued to be under constraint of rising cost of inputs, increasing power tariffs, shortage of power and resource crunch.

INDUCTION FURNACE INDUSTRY

During 2005-06, it is estimated that 786 units with a capacity of 13.22 million tonne were in operation. The total production of Induction Furnace units registered a growth of 5% during 2005-06, producing 8.69 million tonne against a production of 8.24 million tonne in 2004-05, as reported by Joint Plant Committee (JPC).

PERFORMANCE OF ELECTRIC ARC FURNACE (EAF) BASED STEEL PLANTS

Status (updated on the basis of the survey on EAF units 2004 undertaken by JPC)

(in million tonne)

| Categories | Number | Capacity |
|----------------------|-----------|-------------|
| Commissioned Units | 51 | 9.06 |
| Closed Units | 13 | 0.33 |
| Working Units | 38 | 8.73 |

Production

The Production of EAF units as reported by JPC is as under:

(in million tonne)

| Categories | 2003-04 | 2004-05 | 2005-06 | April-Dec. 06 (Prov.) |
|--------------------------|-------------|-------------|-------------|-----------------------|
| Mild Steel | 3.47 | 4.37 | 4.31 | 3.23 |
| Medium/High Carbon Steel | 0.91 | 1.35 | 1.50 | 1.12 |
| Alloy Steel | 0.62 | 0.95 | 1.53 | 1.15 |
| Stainless Steel | 0.67 | 0.84 | 0.92 | 0.69 |
| Others | 0.34 | 0.05 | 0.04 | 0.03 |
| Total Reported | 6.01 | 7.56 | 8.30 | 6.22 |
| Total Estimated | 0.17 | 0.28 | 0.13 | 0.10 |
| Grand Total | 6.18 | 7.84 | 8.43 | 6.32 |

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RE-ROLLING MILLS

Presently there are about 1,600 units of Re-Rolling Mills in the country with the total capacity of 19.62 million tonne of production. In terms of volume the share of Re-Rolling Mill is 63% of the total production capacity of long products in the country. These units are mainly in the small & medium sector enterprises contributing 77% of the requirements of Bar and Rods in the country. Re-Rolling Mills offer the advantages of low capital cost, low gestation period in relatively lower operating cost. Due to their inherent lower cost of production, they also offer products at competitive price serving the common mans need in the house building sector.

Status (updated on the basis of the survey on re-rolling Units 2004 undertaken by JPC)

(in million tonne)

| Categories | Number | Capacity |
|----------------------|--------------|--------------|
| Commissioned Units | 2,181 | 25.72 |
| Closed Units | 670 | 6.09 |
| Working Units | 1,511 | 19.62 |

Production

Production of manufacturing units as reported by Joint Plant Committee are as under:

(in million tonne)

| Categories | 2003-04 | 2004-05 | 2005-06 | April-Dec. 06 (Prov.) |
|-------------------------------|--------------|--------------|--------------|-----------------------|
| Bars/Rods (including Squares) | 1.27 | 3.98 | 4.97 | 3.73 |
| Wire Rods | 0.57 | 0.88 | 0.84 | 0.63 |
| Structural | 2.36 | 1.21 | 1.62 | 1.21 |
| Hoops | 0.01 | 0.03 | 0.03 | 0.03 |
| Special Section | 0.12 | 0.17 | 0.22 | 0.17 |
| Patra/others | 0.09 | 0.59 | 1.32 | 0.99 |
| Total Reported | 4.42 | 6.86 | 9.00 | 6.76 |
| Total Estimated | 6.47 | 4.68 | 4.04 | 3.03 |
| Grand Total | 10.89 | 11.54 | 13.04 | 9.79 |

STEEL WIRE DRAWING UNITS

Status

(in million tonne)

| Categories | Number | Capacity |
|----------------------|-----------|-------------|
| Commissioned Units | 103 | 1.44 |
| Closed Units | 70 | 0.82 |
| Working Units | 33 | 0.62 |

Production

Production of Steel Wire Drawing Units, as reported by JPC is as follows:

(in million tonne)

| Categories | 2003-04 | 2004-05 | 2005-06 | April-Dec. 06 (Prov.) |
|--------------------------|-------------|-------------|-------------|-----------------------|
| Mild Steel | 0.15 | 0.16 | 0.08 | 0.06 |
| Medium/High Carbon Steel | 0.17 | 0.17 | 0.20 | 0.15 |
| Alloy Steel | 0.01 | 0.01 | 0.04 | 0.03 |
| Stainless Steel | 0.01 | 0.01 | | |
| Others | 0.04 | 0.04 | 0.17 | 0.12 |
| Total Reported | 0.38 | 0.39 | 0.49 | 0.36 |
| Total Estimated | 0.01 | 0.03 | 0.01 | 0.01 |
| Grand Total | 0.39 | 0.42 | 0.50 | 0.37 |



HOT ROLLED STEEL SHEETS/STRIPS/PLATES UNITS

Status

(in million tonne)

| Categories | Number | Capacity |
|----------------------|----------|-------------|
| Commissioned Units | 14 | 8.71 |
| Closed Units | 5 | 0.26 |
| Working Units | 9 | 8.45 |

Production

Production of Hot Rolled Steel Sheets/Strips, as reported by JPC are as follows:

(in million tonne)

| Categories | 2003-04 | 2004-05 | 2005-06 | April-Dec. 06 (Prov.) |
|--------------------------|-------------|-------------|-------------|-----------------------|
| H R Steel Sheets /Strips | 5.89 | 6.95 | 7.45 | 5.59 |
| Plates | 0.25 | 0.33 | 0.65 | 0.49 |
| Total Reported | 6.14 | 7.28 | 8.10 | 6.08 |

COLD ROLLED STEEL SHEETS/STRIPS UNITS

Status

(in million tonne)

| Categories | Number | Capacity |
|----------------------|-----------|-------------|
| Commissioned Units | 91 | 6.89 |
| Closed Units | 36 | 0.81 |
| Working Units | 55 | 6.08 |

Production

Production of Cold Rolled Steel Sheets/Strips Units, as reported by JPC are as follows:

(in million tonne)

| Categories | 2003-04 | 2004-05 | 2005-06 | April-Dec 06 (Prov.) |
|---------------------|-------------|-------------|-------------|----------------------|
| Mild steel | 3.08 | 4.18 | 4.87 | 3.66 |
| Medium Carbon Steel | 0.07 | 0.10 | | |
| High Carbon Steel | - | - | | |
| Alloy Steels | 0.01 | 0.01 | | |
| Stainless Steel | 0.19 | 0.16 | 0.17 | 0.13 |
| Others | 0.54 | 0.07 | 0.09 | 0.06 |
| Total Reported | 3.89 | 4.52 | 5.13 | 3.85 |
| Total Estimated | 0.12 | 0.03 | 0.03 | 0.03 |
| Grand Total | 4.01 | 4.55 | 5.16 | 3.88 |

GALVANISED PLAIN/GALVANISED CORRUGATED, PVC/VINYLE COATED SHEETS/STRIPS UNITS

Status

(in million tonne)

| Categories | Number | Capacity |
|----------------------|-----------|-------------|
| Commissioned Units | 18 | 3.93 |
| Closed Units | - | - |
| Working Units | 18 | 3.93 |

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Production

Production of GP/GC Sheets/Strips Units, as reported by JPC:

(in million tonne)

| Categories | 2003-04 | 2004-05 | 2005-06 | April-Dec. 06 (Prov.) |
|--|-------------|-------------|-------------|-----------------------|
| GP/GC Sheets/Strips (including colour Coated) | 2.56 | 2.87 | 3.22 | 2.42 |
| Total Reported | 2.56 | 2.87 | 3.22 | 2.42 |

TIN PLATE UNITS

Status

(in million tonne)

| Categories | Number | Capacity |
|----------------------|----------|-------------|
| Commissioned Units | 1 | 0.18 |
| Closed Units | - | - |
| Working Units | 1 | 0.18 |

Production

Production of Tin Plate Units, during the last three years and current year is as under:

(in million tonne)

| Categories | 2003-04 | 2004-05 | 2004-05 | April-Dec. 06 (Prov.) |
|-----------------------|-------------|-------------|-------------|-----------------------|
| Oil Can Size | 0.12 | 0.14 | 0.15 | 0.11 |
| Non Oil Can Size | - | - | - | - |
| Total Reported | 0.12 | 0.14 | 0.15 | 0.11 |



CHAPTER-V

RESEARCH AND DEVELOPMENT

Major R&D in Indian iron & steel sector over the years has remained confined to a few steel companies like Steel Authority of India Ltd. and Tata Steel Ltd. However, gradually, it is picking up in other plants, though in overall terms R&D in the steel sector remains very meagre. Ministry of Steel Government of India, has therefore, been supplementing R&D initiatives and investment by granting financial assistance from the interest proceeds of Steel Development Fund (SDF). The Empowered Committee (EC) constituted under the Chairmanship of Secretary (Steel) in the Ministry of Steel for this purpose has approved 50 R&D projects costing Rs. 322.83 crore, of which SDF contribution is Rs. 177.21 crore. So far Rs. 88.34 crore has been disbursed and several projects have been completed & results implemented yielding benefits to the industry.

RESEARCH AND DEVELOPMENT BY INDIVIDUAL IRON AND STEEL PLANTS

(Rs. in crore)

| Name of Companies | 2004-05 | | | 2005-06 | | | 2006-07 (up to Sept.06) | | |
|----------------------------------|---------------|-----------------|----------------|---------------|-----------------|----------------|-------------------------|-----------------|----------------|
| | Turn over | R&D Invest ment | % of Turn over | Turn over | R&D Invest ment | % of Turn over | Turn over | R&D Invest ment | % of Turn over |
| (A). Public Sector: | | | | | | | | | |
| 1. Steel Authority of India Ltd. | 31,800 | 60.55 | 0.19 | 32,280 | 62.38 | 0.19 | 17,998 | 34.01 | 0.19 |
| 2. Rashtriya Ispat Nigam Ltd. | 8,181 | 6.25 | 0.08 | 8,482 | 10.46 | 0.12 | 3,881 | 6.05 | 0.16 |
| 3. National Mineral Dev Corpn. | 2,230 | 6.07 | 0.27 | 3,710 | 06.17 | 0.17 | 2,466 | 3.79 | 0.15\$ |
| 4. Kudremukh Iron Ore Co. Ltd. | 1,854 | 00.20 | 0.01 | 1,232 | 00.35 | 0.028 | 106 | 0.77 | 0.73\$ |
| 5. Manganese (Ore) India Ltd. | 379 | 01.71 | 0.45 | 334 | 01.28 | 0.38 | 251 | 01.2 | 0.47\$ |
| 6. Sponge Iron India Ltd. | 62 | 00.09 | 0.15 | 43.04 | 00.93 | 0.22 | 37 | 0.85 | 0.24* |
| 7. Bharat Refractories Ltd. | 137 | 00.19 | 0.13 | 164.2 | 0.23 | 0.14 | 200 | 0.30 | 0.15 |
| 8. Mecon Ltd. | 174 | 00.24 | 0.14 | 253.8 | 0.55 | 0.22 | 180 | 0.21 | 0.12& |
| Sub Total (A) | 44,817 | 75.30 | 0.168 | 46,499 | 82.35 | 0.177 | 25,119 | 47.18 | 0.188 |
| (B). Private Sector: | | | | | | | | | |
| 1. Tata Steel Ltd. | 16,033 | 33.72 | 0.21 | 20,399 | 24.97 | 0.12 | 11,772 | 16.92 | 0.14 |
| 2. Essar Steel Ltd. | 6,533 | 6.6 | 0.10 | 6,850 | 7.90 | 0.12 | 3,802 | 12.0 | 0.32 |
| 3. Ispat Industries Ltd. | 6,459 | 3.41 | 0.53 | 5,568 | 0.88 | 0.016 | 4,646 | 0.66 | 0.014 |
| 4. JSW Steel Ltd. | 5,679 | 3.55 | 0.063 | 5,613 | 6.02 | 0.11 | 3,306 | 0.61 | 0.20 |
| 5. Jindal Steel & Power Ltd. | 2,467 | 0.91 | 0.037 | 2,590 | 1.62 | 0.063 | 1,456 | 0.25 | 0.217 |
| 6. Jindal Stainless Ltd. | 3,200 | 2.68 | 0.084 | 3,203 | 0.466 | 0.015 | 2,000 | 1.0 | 0.05 |
| 7. Mukund Ltd. | 1,429 | 0.27 | 0.02 | 1,802 | 0.53 | 0.03 | 1,008 | 0.30 | 0.03 |
| 8. Musco Ltd. | 528 | 0.37 | 0.07 | 588 | 1.23 | 0.21 | 315 | 0.72 | 0.23& |
| Sub Total (B) | 42,328 | 51.51 | 0.12 | 46,613 | 43.616 | 0.09 | 28,305 | 32.46 | 0.11 |
| Grand Total (A+B) | 87,145 | 126.81 | 0.15 | 93,112 | 125.96 | 0.14 | 53,424 | 79.64 | 0.15 |

\$: up to November

&: up to October

*: up to December



STEEL AUTHORITY OF INDIA LTD. (SAIL)

Research and Development Centre for Iron and Steel (RDCIS) has provided innovative technological inputs to different units of SAIL, with special emphasis on cost reduction, product development and application, quality improvement, energy conservation and automation. Several new products were developed and commercialised like DMR 249 Gr. A at Bhilai Steel Plant (BSP), Bokaro Steel Plant Steel (BSL) and Rourkela Steel Plant (RSP), Spade M-1 steel as per CDA 99 specification at RSP, Fe 415 Gr. Thermo Mechanically Treated (TMT) rebar with micro-alloying at BSP, high strength corrosion resistance roof bolt grade bars at Durgapur Steel Plant (DSP), earthquake resistant TMT rebars (Fe-415) at DSP, Cu-Mo pearlitic rail at BSP, high strength micro alloyed rails at BSP etc. The RDCIS strengthened its technology marketing efforts by providing consultancy services, organising specialised testing and transfer of technological innovations to outside customers like M/s Power Grid Corporation of India, Gurgaon; M/s Refcom (India) Pvt Ltd., Purulia (West Bengal); M/s Sarvesh Refractories, Rourkela; M/s Balmer Lawrie Ltd., Kolkata, and M/s Monarch Electronics, Kolkata, etc.

During the year, 1998 technical papers were published/presented, besides filing of 31 patents and 29 copyrights. The scientists at the RDCIS won nine national level awards. In addition, RDCIS won the prestigious "DSIR National Award 2005 for R&D achievements in New Materials" given by the Ministry of Science and Technology, Government of India.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

The various R&D activities undertaken in VSP during 2006-07 (April to December) are brought out below.

■ Development of new products

- Two new grades viz. 8500 (named VIZAG-TLT) and 20C15 were produced. One more grade, SUP-10 will be developed.
- Channel 200 was developed successfully.

■ Processes improvement/development

- A project to study the effect of inorganic binder on sintering process has been completed.
- A project to study the effect of high rank, low volatile matter anthracite coal on sinter property and sintering process has been completed.
- An internally designed and fabricated pilot coke oven of 250 kg. capacity with movable wall was successfully commissioned.
- A project to improve the efficiency of LD converter stack cooling circuit is under progress.
- To improve the pass life in wire rod mill, alternative material for rolls is under trial in place of conventional cast iron rolls.
- A project to improve the efficiency of Benzol recovery unit is under progress.

■ Energy conservation

- A project to improve thermal efficiency of reheating furnaces in rolling mills is under progress.

■ Environment management

- A project to reduce the ammonical nitrogen in plant effluent water below 50 ppm is under progress.

■ Waste management

- A project to produce briquettes from plant process wastes for use in blast furnace is under progress. Some briquettes have already been made and are being tested in laboratory.
- A project to use power plant fly ash in concrete mix for pavements is under progress.
- Briquettes made from converter sludge were successfully used in steel making process as coolant.

R&D Expenditure

During 2006-07 (April-December 06), RINL has spent a sum of Rs. 7.32 crore towards R&D activities which was 0.12% of its total turnover of Rs. 6,135 crore.



NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

The major assignments taken up by NMDC during the year 2006-07 (up to December) are as follows.

- The work of construction of a pilot plant of 300 tonne per annum capacity for producing carbon free sponge iron powder has already been awarded and the work is likely to be completed by April 2008.
- New product development wing of R&D has developed four new grades of ferrite powder. With the addition of four additional equipment the capacity of pilot plant is likely to go up by 200 tonne per year.
- Studies have been taken for utilisation of kimberlite tailings as a performance improver in cement industries in association with M/s National Council of Cement and Building Materials Lab, Ballabgarh.
- An MoU has been signed with Central Salt Marine Chemicals Research Chemicals Institute (CSMCRCI) and Kanoria Chemicals and Industries Ltd. (KCIL) to set up pilot plant for production of value added Silica based products such as Precipitated Silica, Sodium Silicate and Zeolite- from Kimberlite Tailings.
- Development of indigenous technology for production of value added products from beach sand. There is a proposal for setting up a pilot plant of 1.5 tonne per million capacity for production of Titania Slag and Pig Iron.
- Apart from the works related to investigation/development/ production projects of NMDC, various projects sponsored by other companies/PSUs are also being regularly taken up.

Patents

- Process for preparing Amorphous Silica from Kimberlite Tailings – US patent granted.
- Process for preparing detergent builder Zeolite-A from Kimberlite Tailings – Pub No. US 2006/01 40853 A I dated 29th June, 2006.
- A process for utilisation of Kimberlite solid waste as source of Silica for the preparation of Sodium Silicate – filed.

R&D Expenditure

During 2006-07 (April-December 06), NMDC has spent a sum of Rs. 455.30 lakh towards R&D activities which was 0.16% of its total turnover of Rs. 2,790 crore.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

The main objective of R&D activities at KIOCL are directed towards quality improvement through process development/modifications to suit the requirement of pellet plant to operate with hematite ore.

Achievements

R&D (Ore Preparation and Processes)

- i) In order to get the required concentrate around 1600 blaine, creation of grinding facility to grind – 10 mm ore fines to 1600 blaine has been created.
- ii) Feasibility studies on process and technological modification for use of hematite ore for pellet making and grinding facilities have been undertaken. Three ball mills have been commissioned and is operated for grinding hematite ore. Stabilization and modifications/changes in flow sheet is under implementation.

Introduction of Derrick's screen have been implemented and put into operation as part of grinding circuit at Mangalore for size separation. Assistance of M/s Metchem Canada Inc. for process and technological modifications for use of hematite ore for pellet making and grinding facility is being utilized.

Testing iron ore fines of Bellary Hospet area is being done at M/s Corem, Canada. Development of infrastructure at Mangalore facilities for receipt, unloading, handling, blending, storage and grinding of hematite ore sourced from different agencies which involves the following:

- a) Construction of railway siding adjacent to KISCO for receiving the iron ore arriving in railway wagons.

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- b) Creation of bulk material handling facility for unloading, storage and conveying the iron ore fines from the railway siding to the pellet plant.
- c) Creation of permanent grinding system and modification to pellet plant which includes shifting of three ball mills from Kudremukh to Mangalore.

The Board of Directors have approved in principle a proposal to set up a ductile iron spun pipe plant at Mangalore to convert part of Pig Iron.

R&D & Feasibility Studies Expenditure

During 2006-07 (April-December 06), KIOCL has spent a sum of Rs. 1.29 crore towards R&D activities which was 1.038% of its total turnover of Rs. 124.27 crore.

Project Status (R&D)

- a) Total No. of projects on hand as on 1.4.2006 : 4
- b) Number of projects planned in 2006-07 : 2
- c) Number of projects completed in 2005-06 : 1

MANGANESE ORE (INDIA) LTD. (MOIL)

MOIL is engaged in exploration, exploitation, processing and marketing of manganese ore. It operates both underground as well as opencast mines. The major portion of total production of manganese ore comes from underground working. The manganese deposits are mostly hosted by poor rock in various geo conditions. The company is also working the old dumps for secondary recovery of manganese ore employing advance beneficiation techniques. It also produces Electrolytic Manganese Dioxide (EMD) and ferro manganese processing the manganese ore produced from the mines.

R&D Expenditure

During 2006-07 (April-December 2006), MOIL has spent a sum of Rs. 1.35 crore towards R&D activities which was 0.47% of its total turnover of Rs. 281.98 crore.



CHAPTER-VI

ENVIRONMENT, POLLUTION CONTROL, SOLID WASTE MANAGEMENT & ENERGY CONSERVATION

Environment management and energy conservation constitute an important benchmark in assessing any sector or company both globally and domestically. The Ministry of Steel and its PSUs have been performing a commendable role in this regard.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

Environment Management

Corporate environmental policy of SAIL emphasises “conducting operations in an environmentally responsible manner to comply with applicable regulations and striving to go beyond”. SAIL recognizes its responsibility to continuously improve its energy efficiency and optimize resource consumption through various measures viz. improvement in process technology in the areas of raw materials, coke, iron and steel making, reuse/re-cycle of the by-products generated and conservation of energy and water.



SAIL's credo: clean & green environment.

- SAIL has put in best efforts to meet standards set by legislation and to go beyond mere compliance where appropriate, through voluntary commitments such as those comprising the Charter on Corporate Responsibility for Environment Protection (CREP). This is a partnership concept devised by the MoEF, applicable to all the integrated steel plants.
- SAIL plants has continued efforts for further improvement in their environmental performance which can be evidenced by the following indicators:

| Indicators | 2004-05 | 2005-06 | 2006-07 |
|---|---------|---------|---------|
| Specific raw material consumption (tonne/tcs) | 3.06 | 3.20 | - |
| Specific energy consumption (Gcal/tcs) | 7.35 | 7.24 | 7.54 |
| Particulate Matter (PM) emission (Kg/tcs) | 2.70 | 2.50 | - |
| Specific water consumption (m ³ /tcs) | 5.64 | 5.26 | 4.86 |
| Specific effluent discharge (m ³ /tcs) | 3.45 | 2.98 | 6.84 |

- All SAIL plants are meeting the environmental quality norms with respect to effluent discharge and ambient air quality. With regard to Particulate Matter (PM) emission from the major stack of the steel plants, ~ 90% are complying with the norms laid down by the statutory bodies. For the non-complying stacks, respective plants have initiated actions.
- All the plants and mines under SAIL are in different stages of adopting Environmental Management System (EMS) linked to ISO 14001. Bhilai Steel Plant (BSP) and its township, the mills of Durgapur Steel Plant (DSP), the production units of Bokaro Steel Plant (BSL), four units of Rourkela Steel Plant (RSP) and rolling mill complex of IISCO Steel Plant (ISP) has been certified to ISO:14001. The already certified plants and units have been re-certified to ISO 14001:2000 version.
- MoU has been signed between SAIL and CEMEDE, Delhi University, department of Bio-technology for eco-restoration of mined out areas and degraded lands in mines and plants. Site job has been started at Purnapani

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Lime Stone and Dolomite Quarry where native species have been planted in the mined out areas and waste dumps.

- Various awareness programmes like celebration of World Environment Day, Earth Day, Ozone Day, Environment Month, Mines and Mineral Conservation Week are organized for spreading environmental awareness. Besides, other activities like mass tree plantation, eco-quiz, painting, and essay competitions on environmental topics are conducted involving employees, students and general public on these occasions for bringing awareness amongst SAIL family.

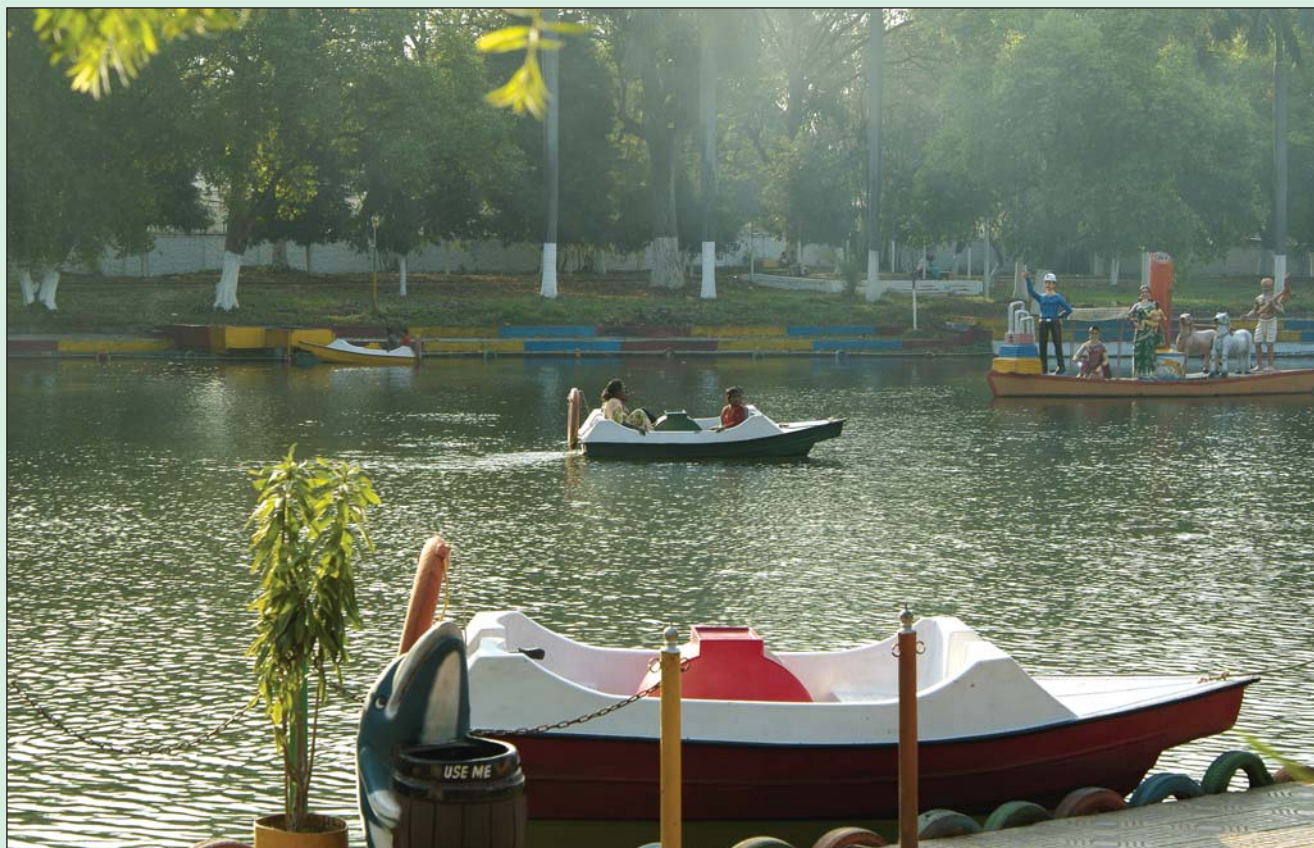
Solid Waste Management

During 2005-06, SAIL produced approximately 13.4 million tonne of crude steel and generated 5.6 million tonne of Blast Furnace (BF) slag, 1.3 million tonne Steel Melting Shop (SMS) slag and 0.6 million tonne of other process wastes. Utilisation of these wastes are being made through internal recycling and selling to outside agencies. The wastes generated in the steel plants are being utilized mainly through their Sinter plant. SAIL plants have achieved 70% utilisation of solid wastes generated during April-September, 2006

Energy Conservation

The specific energy consumption for SAIL during April-September, 2006 is 7.28 Gcal/tcs as compared to the figure of 7.36 Gcal/tcs in 2005-06

| Plants | 2004-05 | 2005-06 | 2006-07 (April-Sept.) |
|-------------|-------------|-------------|-----------------------|
| BSP | 6.84 | 6.79 | 6.88 |
| DSP | 7.29 | 7.38 | 7.31 |
| RSP | 8.69 | 8.47 | 8.09 |
| BSL | 7.23 | 7.10 | 7.24 |
| ISP | | 8.46 | 8.30 |
| SAIL | 7.35 | 7.24 | 7.28 |



View of a lake at a SAIL township.



Environmental Plantation

Trees have a significant role in protection of environment and ecological balance. Extensive afforestation programme are being followed in all the plants and mines. The basis of choosing the species of plants mainly depends on local soil characteristics and prevailing meteorological conditions. The green belt developed by afforestation adds to the aesthetic environment, which becomes dust and noise barriers.

A total number of **1,45,521** saplings have been planted covering an area of **63.7** hectare in 2005-06 as against **77,242** nos of saplings planted in an area of **36.6** hectare in 2004-05 in and around the steel plants of SAIL.

Environmental Recognitions

SAIL plants have been awarded various prizes for environmental management in their plants viz. "Sustainability prize in independent unit category", 2006 instuted by the Confederation of Indian Industries (CII) for exemplary performance in the environmental, economic and social dimensions of sustainable development and the Greentech Environment Excellence Gold Award, Golden Peacock Environment Excellence Award in the metal sector, 2005 instuted by the World Environment Foundation and the Jawaharlal Nehru Memorial Pollution Control Excellence Award for 2005 from International Greenland Society.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

At RINL, VSP, utmost priority is given to environment management. Several initiatives are taken to ensure a clean and green environment. Some of the salient features and activities related to environment are brought out below:

Pollution Control & Solid Waste Management

All parameters of ambient air, stack emissions, noise, fugitive emissions from batteries and effluents are well within norms. For containing the fluctuation in ammonical nitrogen beyond norms a consultancy project of nitrification – denitrification has been awarded to M/s TPE, Russia and work is in progress.



Vizag: A trendsetter in Afforestation.

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Major Activities

The major activities undertaken for pollution control are listed below:

- Three continuous ambient air monitoring stations have been installed and the fourth ambient air station is under ordering process.
- The project of dry fly ash handling, storage and delivery system was commissioned on July 31, 2005.
- A scheme to control fugitive emissions in Steel Melting Shop (SMS) is being provided.
- An ultra-filtration project to treat sewage water from the township Sewage Treatment Plant (STP) (250 cum/hr) to make-up water quality for cooling applications in SMS and Mills was commissioned on 12.12.2005.
- Dry fog dust suppression in RMHP/RG building was commissioned on 31.07.2006.
- High temperature membrane bags are being provided in Rotary Kilns for improving work zone environment further. FK-5 was commissioned on 05.03.2005 and FK-1, 2, 3 & 4 are scheduled for commissioning by December 2007.
- Electronic controllers are being provided in ESPs of boiler nos.1, 2, 3 & 4 in TPP.

Environmental Awards

- For best technical presentation on "Leadership and Excellence in Safety, Health & Environment Management in VSP-2005" first prize was awarded by the Confederation of Indian Industries (CII), Southern Region in February 2006.
- Golden Peacock Award for Environmental Management given by the World Environment Foundation, New Delhi in June 2006.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

Pollution Control & Solid Waste Management

The standard norms prescribed by Karnataka State Pollution Control Board in respect of air and water quality monitoring are being adhered to. The various pollution control measures undertaken during the year are as under:

Desilting

Four check bunds downstream of PC Dams have been repaired. PC Dams I & II play an important role in containing the mine run off. Repairs to the pitching on upstream was carried out and filter fabric was covered over the dam body on the upstream side. The estimated silt accumulation proposed to be desilted for the year 2006-07 is about 3,26,000 M³.

Afforestation Activity

No activity was undertaken in mine abandoned area during 2006-07 due to restrictions on activities in forest area. The expenditure incurred other than the mine abandoned area during the year 2006-07 (up to November, 2006) is around Rs. 35 lakh.

Monitoring And Measurement

The air, water effluent and noise monitoring is being carried out as per the norms stipulated in the consents issued by the Karnataka State Pollution Control Board (KSPCB). The water quality monitoring is being done as recommended by Karnataka State Pollution Control Board (KSPCB). A study to monitor the water quality of Bhadra river and its tributaries along with silt load modeling on Bhadra river was carried out in association with M/s CMFRI, Mangalore. A study to ascertain silt load in Bhadra river is being carried out in association with M/s CMFRI, Mangalore.

Solid Waste Management

The tailings in the form of slurry generated by ore-processing is stored in the tailings dam of 100 meter high constructed across the Lakya Holey about 4 km. away from the mines for settling, thus avoiding the solids polluting the water source. Lakya dam is a dual purpose dam as entire process water requirement is drawn from the dam by gravity tunnel. The spillway is provided at a distance of 2 km. down stream from the dam body at the left flank of the



reservoir. The solids settle down and supernatant flows through the spillway. The discharge of excess water from the dam takes place only during monsoon season through a spillway (vertical shaft) designed to maintain enough water reserve for ore processing during summer season. The water quality is regularly monitored and is well within the limits stipulated by KSPCB.

MANGANESE ORE (INDIA) LTD. (MOIL)

Energy Conservation

Consistent with the national policy of conserving energy and also with the objective of containing the cost of production the company has embarked upon an economy drive in this sphere. Various steps including energy audit have been undertaken to conserve energy and to minimize power consumption. For the first time in the history of MOIL, the company has been awarded the first prize in National Awards on Energy Conservation- 2005 in the chemicals sector for its electrolytic manganese plant located in Dongri Buzurg Mine in the Bhandara district of Maharashtra by the Hon'ble President of India. The feat has been repeated in 2006 as well and once again MOIL has been selected for the first prize in the national energy conservation award for chemical sector and for the second consecutive year, MOIL received the trophy on December 14, 2006.

In line with the Government's policy, MOIL has been striving to conserve energy wherever possible and identified various areas in this regard. EMD plant has been doing well for the last few years in energy conservation. As compared to 2755 Kwh/tonne energy consumption in 2004-05 the same has come down to 2351 Kwh/ tonne during 2005-06. At the same time the production has increased from 1123 tonne during 2004-05 to 1301 tonne during 2005-06. Similarly, the plant has achieved savings in thermal energy by reducing consumption of coal from 3.35 tonne per tonne of EMD production during 2004-05 to 2.72 tonne per tonne of EMD production during 2005-06, thus reducing the consumption of coal by 767 tonne per annum.

In addition to energy conservation in the mining operations, the company also undertook specific steps to reduce power consumption in its ferro manganese plant and EMD plant.

MOIL has set-up 4.8 mega watt wind energy farm at Nagda hill, near Dewas, Madhya Pradesh for captive use and the same was synchronized with grid on June 30, 2006. Wind energy farm has generated about 50 lakh units so far and credited to HT connection of ferro manganese plant at Balaghat mine. This wind energy project qualified for registration as CDM (Clean Development Mechanism) projects with UN frame work conversion on climatic change under Kyoto protocol.

Pollution Control & Solid Waste Management

Eco-Development and Environmental Preservation

Exploitation of natural resources, regardless of its supportive capacity, presents an apocalyptic nightmare of environmental degradation and ecosystem instability. Mining of minerals, particularly by open cast method, adversely affects the environment, resulting in degradation of land on large scale. Water and air pollution and noise pollution are also of concern, besides health of people at large. Considering the nature and extent of problem and concern of conserving the environment, MOIL, took a lead in massive afforestation in the company's mines, with special emphasis on reclamation of mines areas and rehabilitation of spoil dumps, supported by exhaustive research and development. This has helped to improve the mine environment. An integrated biotechnological approach has been adopted to achieve the goal of sustainable and eco-friendly mining.

Solid Waste Management

MOIL, believes in the philosophy that "Today's Waste is Tomorrow's Wealth", and in fact have recovered ore worth crore of rupees by secondary recoveries. The process of mining generates huge solid waste to be dumped on surface and incident of solid waste is high in open caste mines. MOIL is now systematically dumping solid waste separately for manganiferous rock and non-manganiferous rock so that in future when technology for utilising the low-grade manganese ore is developed, these manganiferous dumps can be worked at much lesser cost to win low-grade manganese ore.

Waste dumps are now planned in such a way that future handling and re-handling of these dumps are avoided. Dump height is now planned for 30 meters, so as to occupy less space. The dump spoil already matured are now being systematically covered with either plantation or with shrubs/grass to prevent due to rain and give better aesthetic view. To generate environmental awareness amongst mine employees training programmes are organised and MOIL takes active part in observing annual mine environment and mineral conservation week being observed



every year under the auspices of Indian Bureau of Mines.

BIRD GROUP OF COMPANIES

Afforestation and Pollution Control

Orissa Mineral Development Corporation (OMDC) has covered 142 hectare area under afforestation programme which covers avenue plantation, plantation under Government waste land along with stream course around workers' colony etc. OMDC and The Bisra Stone Lime Company Ltd. (BSLC) have made arrangement for dust suppression through sprinkling of water over haul roads through pressurized nozzles. Environmental monitoring is being carried out on a continuous basis as per guidelines of the Pollution Control Boards. The companies organise environment awareness programmes in order to create awareness amongst its employees and the neighbouring villagers.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

Environmental monitoring studies for the year up to 2006-07 (up to Dec. 06) have shown that all the parameters are within norms for all production project of NMDC.

Details of activities taken up in the current year up to December 2006 are as follows:

Bailadila-14/11C project, Kirandul, Dantewada District, Chhattisgarh

- Check dams are constructed across the water stream for controlling of suspended solids and regular maintenance of the same are being carried out.
- Tailing dam of adequate capacity is being maintained by regular de-silting of slime.
- Drainage systems are planned in the mining service center and plant areas for allowing the water to flow along the pre-determined paths.
- Buttress walls and contour trenches at the toe of waste dumps are regularly being monitored.
- Maintenance of Effluent Treatment Plant (ETP) of 10 KL is being properly done.
- Oxidation ponds are regularly monitored to ensure discharge of clear water.

Bailadila. 5 & 10/11A Project, Bacheli, Dantewada District, Chhattisgarh.

- 34,930 cubic meter of silt was removed from check dams and nalla courses.
- 42,000 cubic meter of silt and 83,000 metric tonne of slime was removed from Tailing dam # 01.
- Planted 51,000 no. of saplings in a area of 8 hectare on the slopes.
- Planted 50,000 no. Jatropha plants at Bade Bacheli.
- Environmental monitoring studies completed during summer (April-May) season 2006.
- Water quality and water flow studies were completed during monsoon (August) season 2006.
- Air borne dust survey as per regulation 121 of MMR 1961 was also completed during May 2006.

Donimalai Iron Ore Mine, Donimalai District, Karnataka

- Plantation of 17,000 saplings and 50,000 AGAVE bulbs was taken up on the non-active waste dumps.
- Regular de-silting of check dams and strengthening of the check dam is being attended.
- Personal protective equipment are provided to the employees working in the noise prone areas.
- Maintenance and care is regularly done after plantation.
- Wet screening of ore is resorted to prevent dust pollution in the screening plant.
- 35 tonne water sprinklers are used in the haulage road to check the dust pollution round the clock.



Diamond Mining Project, Majhgawan, Panna

- For suppression of dust and reduction of fugitive dust in ambient air the project has installed an effective mist water spray arrangement (Aqua Dyne Dust Suppression System).
- De-silting of tailing pond is regularly done to improve its capacity in order to store and treat the slurry effluent. 72,000 cubic meter of silt was removed during 2006-07.
- Construction of sewerage treatment plant with RBC (500 Kilo Litre per day) has been completed for treatment of domestic effluent.
- 3000 saplings of different species have been planted during the year.

Energy Conservation

Consumption of electrical energy per tonne of iron ore excavated during the last three years is as follows:

| Years | Target | Actual |
|--------------|---------------|---------------|
| 2004-05 | 2.05 | 1.96 |
| 2005-06 | 1.98 | 1.80 |
| 2006-07 | 2.12 | 1.94 |

SPONGE IRON INDIA LTD. (SIIL)

All the provisions in the gazette notification dated 16.01.1991 and amendments thereof are complied with strictly. All the norms specified by Andhra Pradesh Pollution Control Board/Central Pollution Control Board are strictly adhered and all the parameters are being well maintained within the limiting standards stipulated. The local Pollution Control Board Officials carry out periodical inspection and as recommended by them from time to time necessary steps are taken to ensure that prescribed standards are maintained.

Waste Land Development

The waste land that is available is proposed to be levelled to develop greenery as a part of clean and green programme by planting saplings.



CHAPTER-VII

DEVELOPMENT OF INFORMATION TECHNOLOGY

This is the age of information technology. The Ministry of Steel and the PSUs under it constantly endeavour to be update on matters relating to IT infrastructure, development and applications.

MINISTRY OF STEEL

■ IT Infrastructure

- The Computer centre in the Ministry is equipped with Windows 2003 servers; Pentium based client systems, scanners for document imaging operations. In addition to these, the centre is also equipped with Local Area Network (LAN) equipment such as switches and hubs, which serve as a backbone for accessing information on ministry-wide Local Area Network (LAN), Internet as well as operating Intranet based applications in the Ministry.
- Apart from National Informatics Centre (NIC) central facility, about 125 pentium based client systems capable of handling present day windows based software and office automation suits are operational with officials and desks/sections in the Ministry.
- A LAN is operational in the Ministry and is being extensively used for i) electronic Diary ii) sharing of files/documents iii) collecting information / material on annual reports, parliament questions, VIP references and parliament assurances, position of vacant posts, ACC approvals, pending review/appeal cases from sections/desks and iv) compilation and collection of replies of parliament questions from desks/Sections in the Ministry and their onward transmission through E-mail to Rajya Sabha and Lok Sabha.
- Facilities for sending on Internet and facility for surfing the sectoral information on internet have been provided to all officials/desks/sections in the Ministry.

E-governance Applications and Promoting the Concept of Paperless Office in the Ministry

- As part of the e-governance programme, a Ministry-wide Internet portal is operational for e-submission and approval of application for earned leaves as well as to share and disseminate information through a bulletin board service for notices/circulars/office orders among the users of the Ministry;
- The portal facilitates electronic dak/diary/movement of documents. The system has been implemented in the Ministry and is fully operational.
- The portal also facilitates E-filing and approval of note sheets and documents as a work flow and work routing application. This system was operational for some of the identified subjects in establishment section, SAIL-OP and SAIL-PC sections. Efforts are being made to make the system operational in all divisions of the Ministry. The concept of digital signature has been introduced in the system for signing notesheets, files and documents. The schedule for implementing this system in the entire Ministry has been prepared and approved by Secretary (Steel). The in-house training for the officials/staff in the Ministry for implementing this system has been organised.
- The facility for downloading of forms for sanction of leave and advances, medical re-imburement; ACRs; identity card, staff car booking; income tax; telephone list (English & Hindi), E-mail addresses directory of officials /sections / desks in the Ministry, organisation chart, activity list is provided on the Ministry-wide Intranet portal for the Officials / staff of the Ministry.
- Personal corner for employee's profile, salary statement, GPF statement bulletin board services for office memoranda, office orders and office circulars and flash of deputation vacancies/posts in Government of India are available on the intranet portal.
- The Internet portal also provides interface for accessing computer based systems in the area of tracking & monitoring of important references, parliament assurances, public grievances, position of vacant posts & their status in the Ministry and it's PSUs, pending review / appeal cases, court cases, audit paras etc. to minimise pendency and improve delays in decision making.



MINISTRY's OFFICIAL WEBSITE

- The Ministry's website <http://www.steel.gov.in> in bilingual format on Internet is also available to provide information regarding administrative setup, major activities of the Ministry, National Steel Policy - 2005, Right to Information Act-2005, Policy framework, Annual Reports, Overview of steel sector, Analysis of Steel Imports & Import Statistics, developments since 1991, Research & Technology Development Links to the Ministry's PSUs and attached offices, Research & Technology Mission and Officials handling grievances in the Ministry, Office of Minister of Steel and Ministry's PSUs have also been provided.
- A G2G bilingual interface between Ministry & it's PSUs for on-line collection of information from PSUs on monthly/quarterly performances to minimize delays in information collection, compilation of Cabinet Summary and conducting quarterly performance review.

Video Conferencing Facility

- Video Conferencing facility has been setup between Ministry & it's PSUs to conduct important meetings, speed up decision making, improve use of executive time and to reduce travel cost.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

SAIL has a well defined strategy for IT initiatives. The Growth plan drawn by the company to achieve 23.8 million tonne of hot metal by 2010 envisages major thrust on IT applications to achieve customer centric processes, cost effectiveness, enhanced profitability, product quality and stakeholder satisfaction by fulfilling comprehensive information need across the organization. Corporate plan 2010 envisaged strengthening of IT communication network, establishing Production Planning and Control (PPC), computerization and implementation of Enterprise Resource Planning (ERP) and Manufacturing Execution System (MES). Bhilai Steel Plant (BSP) is piloting ERP



A view of a Control Room of Steel Melting Shop in a Steel Plant of SAIL.



implementation to be followed by other units in a phased manner and PPC & MES would be implemented by individual plants.

SAIL has taken the following IT initiatives across the company, some of which have already been implemented and the balance are in the process of being completed:

- **Video Conferencing:** Commissioned in May 2006, at present all SAIL plants/units across the country, RINL, NMDC and Ministry of Steel are linked for conferencing.
- **Networking:** SAIL is having a SAIL Wide Area Network (WAN) connecting all the Integrated Steel Plant's (ISP) unit offices and various marketing offices using BSNL/MTNL leased lines, VPN network backed up by ISDN and VSATs. All ISPs are having fibre optic based local area networks.
- **E-Commerce:**
 - **Tender Website:** Commissioned in August 2006, SAIL has implemented an exclusive tender web site for uploading all tenders by SAIL steel plant/units. For security and authenticity, digital signatures are being issued to SAIL employees for uploading tender documents on the SAIL website.
 - With the benefit of transparency in negotiation and purchasing at best available market price, SAIL was the first PSU to implement E-procurement through reverse auction in 2001-02. The transaction has grown steadily from Rs. 19 crore in 2001-02 to Rs. 393 crore in 2005-06. In the current year, E-procurement worth Rs. 450 crore has been transacted till October '06.
 - E-selling through forward auction started in SAIL in 2002-03 and has increased from Rs. 53 crore in 2002-03 to Rs. 1,423 crore in 2005-06. In the current year, E-sales worth Rs. 1,104 crore has been transacted till October 06.
 - On-line E-procurement System (EPS) has already been implemented at Rourkela Steel Plant and Bhilai Steel Plant in the current financial year for indigenous consumables/spares through Limited Tender Enquiry (LTE). This will be extended to cover imports and open tenders. Implementation of EPS at other units of SAIL will be completed by March 2007.
 - **E-payment:** E-payment of salaries to employees in SAIL mainly through SBI has started. E-payment to suppliers has also commenced in smaller way and planned to maximize in stages.
- Decision taken to implement Enterprise Resource Planning (ERP) across SAIL steel plants in a phased manner. Board approvals accorded for ERP at BSP & BSL.
- Decision taken by SAIL to implement Manufacturing Execution System (MES) across SAIL steel plants in a phased manner. Board approval accorded for MES at BSP.
- DSP and RSP have implemented Production, Planning and Control System.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

Various initiatives, taken in the area of IT during 2006-07, are brought out below:

- **Data-Communication Network:** The Computer network has been enhanced from 850 nodes to 2000 nodes. All the departments including offices in the Ukkunagaram, like hospital, town administration, Human Resource Development (HRD), residences of senior managers have been connected with the plant network. The wireless data communication is also leveraged in this network expansion. The mobile-telephony short messaging service is also being incorporated in the computerised information dissemination to the stakeholders.
- **3-Tier Architecture of Business Applications:** Oracle 3-Tier architecture has been deployed in all the business applications to make them web-based and for improving the maintainability.
- **Computerisation of different Production Departments:** Initiatives were taken to computerise the production and MIS activities of all the departments, viz., Raw Materials Handling Plant (RMHP), coke ovens, sinter plant, blast furnace and thermal power plant. All of them are in different stages of completion. The blast furnace system is completed.
- **Web-Initiatives:** Web-based portals have been developed for all the departments. The forward-auction, reverse-auction portals have been deployed for enhancing transparency and improving competitiveness. VPN systems have been deployed for enhancing better MIS across marketing offices.



- **Enterprise Resource Planning (ERP):** VSP has launched Enterprise Resources Planning Project, which will provide an integrated enterprise wide solution utilizing a robust new generation ERP product that will be used by all units to perform business functions. This project will facilitate VSP to achieve integration of its activities from input to sales curtailing the activity times resulting in higher satisfaction levels of its stakeholders. An ERP Core Team has been put in place for implementation to achieve integration of various functions like Production, Materials Management, HR, Marketing and Finance. M/s Price Waterhouse Coopers has been chosen as end-to-end consultants for implementation of this project.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

The Company has installed V240 Sun server system with solaris 10 as operating system and DB₂ RDBMS and Java at front end to cater inventory and other applications. The data processing was migrated from old Cobal based system to RDBMS platform during the year.

MANGANESE ORE (INDIA) LTD. (MOIL)

The company has set up a full-fledged systems cell in order to ensure the effective computerisation of the records/ data etc. At present the system department has three executives and nine non-executives, which is headed by DGM (System).

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

Corporate Intranet created connecting nodes across the company which supports company's dedicated mailing system, voice over IP (VOIP), file folder services, internal website and centralized anti-virus management. Video conferencing facility has been established between corporate office, Ministry of Steel (MoS) and PSUs under MoS. Web enabling of existing on-line packages of FAS and IMS applications is being attempted combined with development and integration of Human Resource, Production, Maintenance applications. Video conferencing facility on Internet Protocol (IP) between corporate office and project locations is being established. E-procurement is being attempted for select items through Andhra Pradesh Government Portal.



CHAPTER-VIII

SAFETY

Safety is an important aspect in the functioning of any industry. It is important not only for its employees and workers but also for the environment and the nation. This chapter highlights the emphasis on safety by the PSUs under the Ministry.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

SAIL has a separate corporate unit, called the SAIL Safety Organisation to monitor safety system & activities- SAIL also has a comprehensive safety policy:

- Annual Performance Plans (APP) for the areas of safety and fire services are formulated and review of implementation of APP is done during Heads of Safety meeting.
- Internal and external safety audits of major departments particularly hazardous areas are conducted every year and points arising from these audits are liquidated.
- Safety aspects have been incorporated in standard operating practices (SOP) and standard maintenance practices (SMP).
- All major capital repairs/shut downs are closely monitored round the clock. Periodic drives are conducted to inculcate safety awareness/culture up to grass-root level apart from regular inspections as per checklists to identify unsafe conditions/acts.
- Safety training is imparted to target group employees at various levels. HRD intervention in the area of safety covers Heads of Departments, Line Managers & Departmental Safety Officers. Besides area specific workshops are conducted at different locations on important topics like gas safety, rail/road safety, safety in iron, steel & coke making etc.
- A unique feature of safety management in steel industry is that a bipartite forum named Joint Committee on Safety, Health and Environment in Steel Industry (JCSSI) was formed in 1973 at national level having representatives from steel plants in SAIL, RINL, TISCO and Ispat Group. All the Central Trade Unions are represented on this Committee. With a view to inculcate safety consciousness, JCSSI organises seminars, workshops, training programme, safety competitions for member organisations. JCSSI with the co-operation and support of Trade Union representatives formulates policies and guidelines for its member plants and monitors the implementation.



Workshop on Safety in progress at a SAIL Steel Plant.



Consistent efforts were made by SAIL Safety Organisation for improving safety standards in the company by taking measures like intensive safety drives in works area and conducting safety audits in hazardous departments of different plants and mines. In addition, specific workshops on safety aspects were organised in various SAIL steel plants.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

Continuous efforts on implementation of safety standards, monitoring of risk control measures and other proactive measures have resulted in reduction / elimination of potential hazards.

The achievements and highlights of safety are brought out below:

- “Zero Accident” was achieved in 17 departments viz., CSD, ETL, hydraulic & lubrication, CED, RMD, EnMD, TS, PD, St.ED, telecom, PPM, systems, canteen, OHSRC, T&DC, ACVS and PEM.
- BF and telecom departments achieved 2 million lost time injury free man hours.
- SMS and sinter plant departments achieved 1 million lost time injury free man hours.
- VSP achieved 4 million lost time injury free man hours one time and 2 million lost time injury free man hours – 4 times. One million lost time injury free man hours - 7 times.
- As a part of safety promotional activity to involve all employees safety week celebrations were conducted in all major departments viz., Utilities, ES&F, CMM. Various competitions like safety slogans, poster, essay and skits were also conducted during each departmental safety week celebration.
- A two-day safety training programme was organized for the central safety committee members including a site visit to the NTPC power plant.
- Round the clock monitoring of activities were carried out by safety personnel during capital repair works at various units of the plant.
- The central safety committee members were sent to three different steel plants for studying the safety aspects.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

A safety department is functioning effectively. The company gives utmost importance to the occupational safety and health of the persons working in the company. Workers participation in safety management system is one of the important criteria adopted by the company. Area-wise safety committees are formed. Workers’ participation in these safety committees is ensured. Safety inspections are carried out regularly by the safety officer alongwith the safety committee members and the safety points are discussed in the safety meetings held every month.

In order to inculcate safety consciousness and to develop the human resources, various training programmes such as refresher training, training on first aid, training on operation of 120 T dumpers, 14 cubic yard shovels, drills and auxiliary equipment, fire fighting programmes, positive thinking for better future, awareness programmes on environment, quality and safety management system are conducted. Further, to increase the awareness of safety among the mining communities safety campaign/propaganda is done by observing mines safety week celebrations every year under the guidance of mines safety association, Karnataka. During the mines safety week celebrations, various competitions are held at both zonal level and the state level for the workers of different mines covered under mines safety association, Karnataka. The company has won several prizes both at zonal and state level competitions.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

NMDC has training centres in all its projects and these are equipped with required infrastructure as required under mines vocational training rules. These centres cater to the needs of basic training, refresher training, and training for skilled trades and also for those injured on duty.

In each mining project of NMDC sufficient number of Workmen inspectors are nominated/appointed for mining operations, Mechanical and Electrical installations as per statute requirements. Tripartite safety committee meetings are being held regularly once in a year at head office.

Mine level tripartite safety committee meeting have been conducted in each of the operating mines. This meeting is conducted once in a year at project level with senior officials, union representatives and DGMS officials in which

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safety performance and its appraisal is made and the recommendations are implemented.

Safety committees have been constituted in every operating mine and pit safety meetings are held every month discussing the safety matters and corrective actions related to work atmosphere.

Dozimetry and vibration studies are being conducted in all the projects by M/s National Institute of Miners Health, Nagpur.

Periodical Medical Examination and other additional tests required under the statute are carried out as per schedule in respect of employees. This covers all the new recruits, old employees on roll and all those who superannuate within next one year.

All the projects have occupational health centres equipped with full infrastructure and are manned by qualified doctors trained in occupational health and safety at Central Labour institute, Mumbai.

There were only four serious injuries during the 2006-07.

MANGANESE ORE (INDIA) LTD. (MOIL)

With the continuous depletion of near surface ore deposits, mining is progressively being extended to deeper horizons and extraction is increasingly done through under-ground working. This requires attention to be paid to various aspects viz. support system, ventilation and efficient filling of voids arising out of extraction of ore. Continuous emphasis is laid on training of employees. Mine working is regularly inspected by members of Pit committees, Workmen inspectors, safety officers and Senior Deputy General Manager (Safety).

Safety weeks are observed and exhibitions are held to inculcate safety habits to ensure safe working. Safety committee meetings are regularly held during which any unsafe act committed/observed by any mine worker is discussed to avoid recurrence. The company pays special attention to ensure safety of the mines and workforce employees therein. The company has participated in the regional safety competition and has won 79 prizes. The company has received National Safety Award for the Year 2002 for the "Lowest Injury Frequency Rate" for its Gumgaon Mine and also for "Lowest Accident Free Period" for its Beldongri Mine. For the second year in succession, the Ukwa Mine of MOIL has been adjudged the best underground mine having "Lowest Injury Frequency rate" for the year 2003. Tripartite safety committee meeting was arranged on October 4, 2006 at Nagpur. Safety policy for the company has also been crafted as per recommendation of the fifth national safety conference. This will further improve the safety standards of the mines. MOIL rescue team participated in All India Rescue Competition held at BCCL, Dhanbad and bagged first prize in metal mines category. The company has also introduced a study of health and safety management through risk assessment of each and every operation of mines.

BIRD GROUP OF COMPANIES

Mining companies under the Bird Group take safety measures according to DGMS guidelines such as maintaining mines and haulage roads as per safety regulations, providing safety accessories to the employees working in the mines, first aid training, display of safety slogans, arrangement for fire fighting demonstration, vocational training to mines workers and celebration and participation in annual mines safety week.

FERRO SCRAP NIGAM LTD. (FSNL)

In order to create safety awareness among the employees, various training programmes are organised on safety through national safety council as well as other institutions. Apart from this, the safety day celebrations comprising of debate on safety are also held in all the units and corporate office, wherein the employees take part with full enthusiasm and the winners are given suitable prizes.

MECON LTD.

MECON has design and consultancy offices and does not have an industrial unit. However, at project sites all necessary safety related precautions are being taken and as a result no accident has been reported during the year.



CHAPTER-IX

WELFARE OF WEAKER SECTIONS OF SOCIETY

MINISTRY OF STEEL

The Ministry of Steel and the public sector undertakings under it comply with all Government guidelines with regard to welfare of weaker sections of the society.

Statement Showing the Number of SC/ST/OBC/Ex-Servicemen and Women Employees (as on 31.12.2006 in respect of Ministry of Steel)

| Classification of Posts | No. of Employees in position* | Men | Women | SC | ST | OBC | PH | Ex-Service men |
|-------------------------|-------------------------------|------------|-----------|-----------|-----------|-----------|----------|----------------|
| A | 46 | 42 | 4 | 4 | 2 | - | - | - |
| B | 105 | 68 | 37 | 14 | 6 | 2 | - | - |
| C | 60 | 49 | 11 | 16 | 4 | 3 | 2 | - |
| D | 68 | 66 | 2 | 30 | 7 | 5 | 1 | - |
| Total | 279 | 225 | 54 | 64 | 19 | 10 | 3 | - |

* Includes Personnel staff of MCFS & MoS

STEEL AUTHORITY OF INDIA LTD. (SAIL)

Some of the areas of assistance, which are also available to the weaker sections are the following:

- Fourteen scholarships are awarded to deserving SC/ST undergraduate engineering students in various disciplines to encourage technical education among them. Bhilai Steel Plant has started giving 18 scholarships for SC/ST students from Prime Minister's Trophy Fund from 1.4.2004. Salem Steel Plant also provides 10 scholarships besides providing free uniform and books to SC/ST students from peripheral schools.
- In many cases, tuition fee in company run schools is exempt for SC/ST students. Steps are taken to provide education to more and more tribal children in company schools.
- The unemployed SC/ST youth are given specialized training in various technical trades to develop skill and knowledge. Such training is provided free of cost.
- The company has provided land for construction of school buildings in some of the steel townships as well as in other places for spreading education among the masses. Bokaro Steel Plant has allotted 12 rooms hostel for SC/ST students.
- The company has constructed roads in remote areas around the steel plants and also where the captive mines are located to improve communication and also increase activities such as organisation of health camps, school facilities, drinking water etc., under the peripheral development schemes.
- Bhilai Steel Plant has adopted 36 tribal children of Chattisgarh region and Bokaro Steel Plant has adopted 12 Birhor tribe children. These plants are providing them with education, boarding and lodging facilities.
- Construction of bridges, by-pass roads, metal-morum path, waterways, leveling/dressing area around township, pre-mixed roads. Installation of hand-pumps, tube wells and wells for villagers.
- Construction of school buildings (including for mentally retarded, deaf and dumb children), madarasas, providing school furniture therein and construction of hostels, women's college building etc.
- Adult literacy campaign is carried out in most of the steel townships. Every year more and more men and women are being covered in this campaign.
- Development of fishery and cottage industry, providing sewing machines to village mahila mandals and promoting other self-employment generation schemes.

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- SAIL has established a hockey academy with stadium and hostel facilities at Rourkela to tap and nurture the talent scattered in surrounding tribal area. The academy was successful in spotting a number of young talented tribal players and groom them under expertise of ex-Olympian.

The Presidential directive on scheduled castes and scheduled tribes continue to be implemented and monitored on a regular basis. The representation of SC/ST among total SAIL employees (including subsidiary) has been 14.73 % and 11.97% respectively as on 31.12.2006.

Group-wise representation of SC/ST in SAIL (including MEL) as on 31.12.2006:

| Classification of Posts | Total No. of Employees | SC | | ST | |
|-------------------------|------------------------|---------------|--------------|---------------|--------------|
| | | No. | % | No. | % |
| Group-A | 16,262 | 2,011 | 12.37 | 885 | 5.44 |
| Group-B | 45,309 | 5,218 | 11.52 | 3,654 | 8.06 |
| Group-C* | 71,986 | 11,623 | 16.15 | 11,435 | 15.89 |
| Group-C# | 1,471 | 1,041 | 70.77 | 186 | 12.64 |
| Total | 1,35,028 | 19,893 | 14.73 | 16,160 | 11.97 |

* Excluding Safai karamcharies

Only Safai karamcharies.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

As on 31.12.2006, the representation of SC/STs and minorities in the overall manpower is furnished below:

| Classification of posts | Total No. of Employees | SC | | ST | | Minority | |
|-------------------------|------------------------|--------------|--------------|--------------|-------------|------------|-------------|
| | | No. | % | No. | % | No. | % |
| Group-A | 4,580 | 761 | 16.62 | 210 | 4.59 | 200 | 1.22 |
| Group-B | 1,558 | 271 | 17.39 | 104 | 6.68 | 77 | 4.94 |
| Group-C | 8,635 | 1,461 | 16.92 | 596 | 6.90 | 281 | 3.25 |
| Group-D | 1,680 | 243 | 14.46 | 117 | 6.96 | 9 | 0.54 |
| Total | 16,453 | 2,736 | 16.63 | 1,027 | 6.24 | 567 | 3.45 |

During 2006-07, 14 employees have been recruited, out of which 1 belongs to SC in Group-A and 6 OBC in Group-C categories. Also, to make up the shortfall in the representation of SCs in Group-D, an employment notification, exclusively for SCs, has been issued for recruitment of 30 Khalasis and the same is under process.

Highlights of activities taken up during 2006-07 for the welfare of weaker sections are enumerated below:

- A park in the steel township in the name of poet Gurram Jasuva was inaugurated on 14.08.2006
- Statue unveiling ceremony followed by a commemorative function was organised on 05.04.2006 at Dr. Babu Jagjeevan Ram Children's Park, Sector-5 in connection with the Birthday of Dr. Babu Jagjeevan Ram and also an entertainment programme was arranged in the evening.
- In connection with the Birthday of Bharat Ratna Dr. B.R. Ambedkar, a garlanding function followed by a commemorative meeting was organised on 14.04.2006 at Dr. Ambedkar Park, Sector-6, Ukkunagaram.
- A sports and cultural festival was organized during the month of April 2006 at CWC, Ukkunagaram in connection with Bharata Ratna Dr. B.R. Ambedkar Jayanthi Celebrations.
- Special grants were released to community welfare centres for organising Ambedkar Jayanthi Sports and Games.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

The total number of employees in KIOCL as on 31.12.2006 is 1,548 out of which 252 persons belong to Scheduled Castes (16.28%), 67 persons belong to Scheduled Tribes (4.33%) and 219 persons belong to Other Backward Classes (14.15%). Besides there are 81 women (5.23%), 20 physically handicapped (1.23%) and 24 Ex-servicemen (1.55%).



Welfare Measures

The company has setup a full fledged facilities at Kudremukh and Mangalore by establishing a modern township, hospital, recreation facilities etc.

During the year 2005-06, 15 numbers of merit scholarships and 40 numbers of merit-cum-means scholarships were sanctioned to the children of employees. Out of 55 numbers of scholarships, 20% of the scholarships i.e. 11 numbers are to be reserved for the children of SC/ST employees. However, 12 numbers of scholarships (including the one considered under general merit category) were sanctioned to the children of SC/ST employees. The qualifying standard of eligibility i.e. first class or 60% whichever is higher, is relaxable to 50% in the aggregate marks for sanction of scholarship to children of SC/ST employees.

Recruitment

During the year 2006 (April to November, 2006) 2 candidates (general category) were recruited out of which 1 candidate has been appointed on temporary basis.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

The total number of employees in posts with regular scales of pay in NMDC as on 31.12.2006 was 5,532 out of which 1,012 persons belong to scheduled castes (18.29%), 1,086 to scheduled tribes (19.63%) and 527 to OBCs (9.52%).

| Classification of Posts | Total No. of Employees | SC | | ST | | OBCs | |
|----------------------------------|------------------------|--------------|--------------|--------------|--------------|------------|-------------|
| | | No. | % | No. | % | No. | % |
| Group-A | 909 | 126 | 13.86 | 42 | 4.62 | 89 | 9.79 |
| Group-B | 1,102 | 158 | 14.33 | 188 | 17.05 | 63 | 5.71 |
| Group-C | 2,382 | 475 | 19.94 | 596 | 25.02 | 160 | 6.71 |
| Group-D (Excl. Sanitary Khalasi) | 1,081 | 208 | 19.24 | 257 | 23.77 | 215 | 19.88 |
| Group-D (Sanitary Khalasi) | 58 | 45 | 77.58 | 3 | 5.17 | 0 | 0 |
| Total | 5,532 | 1,012 | 18.29 | 1,086 | 19.63 | 527 | 9.52 |

Other Welfare Measures

The details of various community/peripheral development works undertaken by our projects in and around their respective areas are given below:

Community/Peripheral Development Activities

NMDC has a commitment to share the fruits of progress with those associated with the local area in line with its corporate philosophy to be a responsible corporate citizen. NMDC has incurred an expenditure of Rs. 457.87 lakh (excluding expenditure towards providing free medical treatment to adivasis/villagers) towards community/peripheral development activities during the year 2005-06 and Rs. 2,141.84 lakh for the year 2006-07 (up to Oct. 06).

The Corporation is undertaking various peripheral development works in and around its production projects in the following thrust areas:

Skill Development Programme

NMDC in its Bailadila complex has introduced a unique scheme called "Skill Development Programme" for improving the employment potential of middle passed tribal youths by imparting them training for a period of one year in various activities of the project. During this period, each participant is paid out of pocket expenses every month besides providing them uniform and other safety equipments and appliances. Regular classes are also held to improve their skills, performance and knowledge and they are also guided for registering their names in the local employment exchanges. This is an endeavour aimed towards bringing them to an employable position. So far about 200 local SC/ST youths have been benefited by this programme.



Peripheral Development Works

Bailadila Projects

NMDC has initiated a regular consultative process with the local village heads and panchayat leaders, on one hand; and with the unions and associations functioning in the project, on the other. Periodical meetings are held with the sarpanches of various tribal villages adjoining the projects and tentative lists of the developmental works to be undertaken are detailed. Such works are undertaken after seeking clearance from District Collector to avoid duplicity as State Government also undertakes such works in those areas under their programmes.

MANGANESE ORE (INDIA) LTD. (MOIL)

MOIL has undertaken several measures for the welfare of the SC/ST & OBC section of society such as:

- a) Adoption of tribal villages.
- b) Training in sericulture for economic development.
- c) Help to the schools in surrounding mines.
- d) Organisation of eye camp/blood donation camp/child welfare camps.
- e) Grant of subsidy to gram panchayat for water supply scheme.
- f) Giving financial assistance to social institutions working for the rehabilitation of the aged and handicapped persons.
- g) Donated tricycles to handicapped persons, provided sewing machines for development and upliftment of the tribal women.

MOIL constantly upgrades various welfare measures provided to the weaker sections with a view to improve the quality of life.

BIRD GROUP OF COMPANIES

Existing Employment

| | | |
|------------------------|---|-----|
| Scheduled Castes (SCs) | : | 23% |
| Scheduled Tribes (STs) | : | 47% |
| OBCs | : | 11% |

Fresh Recruitment

Fresh recruitment of SCs, STs and OBCs would be made as per the schedule quotas for the respective sections.

Welfare Activities

- Providing educational facilities—BSLC and OMDC under the Bird Group extends aids to peripheral schools and colleges. The companies extend aid in the form of construction of building, arranging study materials, providing furniture, school buses, etc.
- Providing hospital facilities—OMDC and BSLC run hospitals mainly for the treatment of people and employees belonging to weaker section.
- Providing drinking water by dugwells, tubewells etc for the employees belonging to weaker sections and also nearby villagers.
- Undertaking of occupational health surveillance- The company undertakes program for malaria eradication, pulse polio, RNTCP etc. through the hospitals of OMDC and BSLC mainly for the weaker sections.
- Occupational health surveillance covering facilities like X-ray, pathological laboratory, audiometry, ECG, Lungs function test, dental clinic, operation theatre etc. is conducted by OMDC from time to time for the employees belonging to weaker sections and also for nearby villagers.

MSTC LTD.

The Presidential directives issued from time to time pertaining to policies and procedures of the Government in regard to reservation, relaxation, concession, etc. for the SC/ST/OBC candidates have been kept in view while taking action/decision on any matter laid down therein.

Best efforts were made to comply with the directives in matters concerning recruitment and promotion. Adequate representation of SC/ST/OBC members was made available in both departmental promotion committees as well as selection committees (in case of recruitment).



In order to improve the efficiency of the employees belonging to the reserved categories and to prepare them to take up higher positions in the future, special attention was paid to their training and development in their respective fields of function. During the year 2006-07 (up to 31-12-2006), 14 SC and 8 ST employees of the company were sponsored for training programmes, both in-house and institutional. Apart from this, all welfare facilities provided to other employees of the company are also extended to them. In addition, all possible cooperation and assistance was provided to the MSTC SC/ST employees' council, which function primarily to safeguard the interest of the reserved section of employees of the company.

The existing manpower in MSTC category-wise is as under:

SC/ST/OBC/Physically Handicapped/Ex-servicemen Status (as on 31-12-2006)

| GROUP | TOTAL | SC (%) | ST (%) | OBC (%) | Physically Handicapped (%) | Ex-Servicement (%) |
|--------------|------------|-------------------|------------------|------------------|----------------------------|--------------------|
| A | 139 | 20 (14.38) | 8(5.75) | 16 (11.50) | 3 (2.15) | Nil |
| B | 115 | 30 (26.08) | 5(4.34) | 2 (1.73) | 3 (2.60) | 1 (0.86) |
| C | 29 | 4 (13.79) | Nil | 5 (17.24) | 1 (3.44) | NIL |
| D | 18 | 8 (44.44) | 1(5.55) | 1(5.55) | 1 (5.55) | NIL |
| TOTAL | 301 | 62 (20.59) | 14 (4.65) | 24 (7.97) | 8 (2.65) | 1 (0.33) |

SPONGE IRON INDIA LTD. (SIIL)

Recruitment and Promotions

In the matter of recruitment and promotions to various posts, SC/ST candidates are being given the benefits, concessions as per the Government directives.

The directives issued by Government of India from time to time relating to the matter of reservation of posts for SC/ST have been complied with by the company. There was no backlog of vacancies reserved for SC/ST candidates.

Training

SIIL, being situated predominantly in a tribal area and in view of dearth of qualified SC/ST candidates, freshers from the institutes are being recruited in different disciplines and the job training is being given to the SC/ST employees so as to enable them to acquire the required skills for possible absorption in regular posts after the training.

Social Activities

To look after the peripheral developmental activities in the nearby areas, a small medical cell is being provided by the company. Recognising its social responsibilities, the company undertakes programmes from time to time for the benefit of the tribal people in the local areas. As a part of this, free medical camps were conducted by SIIL with the help of local doctors in the nearby villages and medicines were distributed.

MECON LTD.

Existing employment pattern of weaker section of society (SCs, STs and OBCs) in MECON Ltd. as on Dec. 06 is as follows:

| | |
|--------------------------------|--------------|
| Total Manpower Strength | 1,618 |
| SCs | 182 |
| STs | 79 |
| OBCs | 132 |

Position of weaker section of society (SCs, STs and OBCs) in MECON Ltd. in respect of fresh recruitment made in calendar year 2006 (as on Dec. 06):

| | |
|--------------------------|------------|
| Total Recruitment | 105 |
| SCs | 22 |
| STs | 7 |
| OBCs | 18 |



CHAPTER-X

VIGILANCE

The Vigilance Division of the Ministry of Steel is headed by a Chief Vigilance Officer (CVO) of the rank of Joint Secretary appointed on the advice of the Central Vigilance Commission (CVC). The CVO with one Deputy Secretary and one Under Secretary and supporting staff, functions as the nodal point in the vigilance set-up of the Ministry. The vigilance unit is inter-alia responsible for the following in respect of the Ministry of Steel and the PSUs under its administrative control:

- Identification of sensitive areas prone to malpractices/temptation and taking preventive measures to ensure integrity/efficiency in Government functioning
- Taking suitable action to achieve the targets fixed by the department of personnel and training on anti-corruption measures
- Scrutiny of complaints and initiation of appropriate investigation measures
- Inspections and follow-up action on the same
- Furnishing the comments of the Ministry to the Central Vigilance Commission on the investigation reports of the Central Bureau of Investigation
- Taking appropriate action in respect of departmental proceedings on the advice of the CVC or otherwise
- Obtaining first and second stage advice of the CVC, wherever necessary
- Appointment of CVOs in the PSUs in consultation with CVC and department of personnel and training
- Examination of complaints regarding allegations against the officials/officers of the PSUs under this Ministry for appropriate action
- Maintenance and scrutiny of immovable property returns of officers and staff working in this Ministry.

Ten PSUs and a Government managed company are functioning under the administrative control of this Ministry. The vigilance unit in all PSUs is headed by a CVO appointed by this Ministry in consultation with CVC and Department of Personnel & Training (DOPT).

During the year two meetings of the CVOs of the PSUs under the administrative control of this Ministry were convened wherein the overall performance of the PSUs especially in the areas of preventive and punitive vigilance was reviewed and certain systemic improvements were suggested. As a result of the decisions arrived at in the meetings, a number of systemic improvements have been effected and the pendency has also come down significantly.

Besides, all PSUs have been asked to obtain ISO certification for their vigilance departments. In pursuance of the directions given by the Ministry, the Vigilance Departments of SAIL, RINL, NMDC, MECON and MOIL obtained ISO Certification during the year. The remaining PSUs were in the process of obtaining ISO Certification. All the PSUs also commenced with making concerted efforts to implement Integrity Pact in their organisation.

A decision has been taken in the Ministry of Steel that the CVOs should initiate the process of incorporating the Integrity Pact (IP) into the organizations. In this context, the PSUs have been advised to ensure implementation of IP in their organisations by the forthcoming financial year.

Preventive Measures

A number of circulars containing instructions/guidelines on different aspects of vigilance management received from CVC, have been circulated to the PSUs under this Ministry for strict compliance. Progress thereon, in the form of follow up action taken, is being monitored. Some of the more important instructions issued are broadly as under:

- Post – tender negotiations have been banned, except with L-1.
- PSUs have been advised to devise a mechanism to avoid recurrence of mis-utilisation of Local Travel Concession (LTC)/Liberlised Local Travel Concession (LLTC) facilities.
- Anonymous/Pseudonymous complaints must be filed.



- Annual reports of the PSUs should include a separate chapter detailing the vigilance activities and achievements of the company.
- Agreed list of suspected officers and list of officers of gazetted status of doubtful integrity should be finalised in consultation with CBI and sent to CBI with a copy to this Ministry.
- CDA Rules of the PSUs should be amended to incorporate provisions for continuation of departmental proceedings even after retirement of the official.
- Scrutiny of CAG audit reports by the CVOs.

As a follow up, apart from appropriate action taken on the instructions listed above, PSUs under this Ministry have identified areas prone to corruption and necessary action is being taken. They are as under:

STEEL AUTHORITY OF INDIA LTD. (SAIL)

- Reduction in lead time in the purchase process, from raising of indent to placement of order at **Bhilai Steel Plant (BSP)**. Committee under the chairmanship of GM (E) formed vide order dated 21.6.2006.
- System study at **Durgapur Steel Plant (DSP)** on the disposal/dispatch of aluminium sulphate to different parties against sale/release orders. Existing system being studied in details. Surprise checks are being conducted to record variation in weightment.
- Computerisation of billing of indoor non-entitled patients at **Rourkela Steel Plant (RSP)**. Study under progress.
- Procedure for regulating pre dispatch inspection of materials at suppliers premises at **Bokaro Steel Plant (BSL)**. Procedure has been implemented vide order dated 12.7.2006 and will systemize the record of local emergency purchase.
- Review of guidelines for conversion agent contract, specially relating to accounting of material offered for conversion at **Central Marketing Organisation (CMO)**. Study completed and the report is under preparation.
- System of bill payments for contracts and purchase in the mines and standardization of bill passing register across all the mines of **Raw Materials Division (RMD)**. Study under progress.
- System improvement in receiving of incoming finished rolled products and rejected finished products at **Bhilai Steel Plant (BSP)**. Study under progress.



Vigilance Awareness Week is celebrated across SAIL Plants/Units.



RASHTRIYA ISPAT NIGAM LTD. (RINL)

The following areas have been identified for systemic improvements during the year 2006-07 and the same are under study:

- Credit policy of marketing department.
- Technical evaluation in project contracts.

MECON LTD.

- Curbing expenditure on reimbursement of medical expenses.
- Dependent list and steps to curb the misuse.
- Contracts and purchase department.
- Finalisation of latest purchase, finance and contract procedure in line with latest guidelines of Chief Vigilance Commissioner (CVC).
- Awareness of MECO's employees towards Right to Information (RTI) Act.

KUDREMUKH IRON ORE COMPANY LTD.(KIOCL)

The monthly reporting format from the Vigilance in sites has been made more comprehensive covering various areas of reporting. Important thrust areas of inspection are regularly reviewed. The following areas continue to be focus of inspections:

- Procurement of materials, works contracts, pollution control activities (plantation, desiltation, etc.).
- Review of procurement of spares, consumables, etc. since the Kudremukh mining operations are in suspended animation following Hon'ble Supreme Court orders.
- Major items of purchase and associated technical recommendations.
- Proposals covering post facto approval.
- Maintenance contracts (including contracts in transport, machinery, buildings, townships, canteens, contract labour, civil establishments, etc.)
- Indents and disposal of surplus stores/materials, scrap, etc.
- New projects/shifting, relocation of materials, equipment etc.
- Marketing and contracts of pig iron and other KISCO products.
- Special focus on large contracts of OEMs where spare parts are difficult to be outsourced.
- Release of employees from the company on VRS/resignation – the vigilance clearance is being made more systematic.

Areas of routine administration, civil maintenance of buildings are randomly taken up to make presence of vigilance felt and to introduce system improvement in less frequented areas. Besides, surprise inspections are done by randomly selecting works from monthly lists submitted by site authorities.

Intense scrutiny of contract records, ongoing works, high value purchase orders/work orders, etc are given special focus. This has thrown up some suggestions for improvement and also to serve warning/caution to the operating officials.

Transparency in Tenders – Mandatory publication of all tenders in the company website as per CVC directives is being ensured. Even limited tenders are notified on the website to ensure wider dissemination. Small value, local tenders are not generally put on website but on Notice Boards of the company.

A link to NIC <http://www.tenders.nic.in> has been provided in KISCO and KIOCL website for accessing tenders in Government Portal. Though NIC, login identity and password has been assigned separately to KIOCL and to KISCO. Now tenders of KIOCL and KISCO can be accessed in general portal.

Reverse Auction System introduced in select items like sale of pig iron in KISCO. Response is reported to be satisfactory. Generally it is found that parties still exhibit reluctance to participate in reverse auction process. The process although sound, is slow and has only limited participation by all potential suppliers.



NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

NMDC Vigilance Department has been accredited with ISO 9001:2000 by M/s Intal Quality Certification Pvt. Ltd., on 27.11.06, after making assessment and certifying that the functioning of Vigilance Department of NMDC is conforming to the Quality Management System standards.

Contracts concluded of the value of Rs. 20 lakh and above for Open Tenders and Limited Tenders enquiries of the value of Rs. 30 lakh and above in the month are being placed on NMDC website.

The Chief Vigilance Officer, NMDC has been nominated as the "Nodal Authority" to receive complaints and grievances from employees, vendors, customers and the general public for timely attention by the concerned authorities.

As a part of the observance of "Vigilance Awareness Week", Vendors and Contractors' Meet was organised in the Head Office to look into the systems and procedures in consultation with the vendors and contractors. Various suggestions which came up during the meet are being looked into for implementation, wherever possible.

BIRD GROUP OF COMPANIES

- All products of iron ore are being sold through auction/e-auction.
- Purchase procedures have been framed and introduced.
- Computerised attendance system has been introduced at Kolkata.
- Installation of siren at OMDC Mines to alert employees for timely attendance.
- Appraisal form in respect of executives is being introduced.

MANGANESE ORE (INDIA) LTD. (MOIL)

The Company is taking various measures to create vigilance awareness. Preventive vigilance is being formulated at the Corporate level and proper steps are being taken according to the instructions received from CVC/ Administrative Ministry from time to time.

During the year 2006, the emphasis has been made to strengthen the preventive and corrective vigilance. The major works accomplished are given below:

- Relatives of working executives have been debarred from entering into works contract with the company.
- All contract works of the value above 30 lakh are awarded through open tenders.
- In order to ensure greater transparency, the detail of tenders finalised has been hosted on the portal of the company.
- Arrangement has been made to lodge complaint on the website of the company.
- E-commerce (e-sales and e-procurement) has been introduced with overwhelming response in MOIL.



CHAPTER-XI

GRIEVANCE REDRESSAL MECHANISM

MINISTRY OF STEEL GRIEVANCE CELL

Steel Minister's Grievance Cell has been functioning in the Ministry of Steel since July 2004 to coordinate and monitor the grievances/complaints/suggestions of public and consumers relating to steel and steel products, received either in the office of Minister of Steel or directly in the cell. In addition, a Joint Secretary rank officer is designated as the Grievance Officer of the Ministry, to receive and dispose off petitions from the public.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

Effective internal Grievances Redressal Machinery exists in SAIL plants and units, separately for executives and non-executives. The Grievance Procedure has evolved after sustained deliberations and consent of employees, trade unions and associations. The grievances in SAIL plants/units are dealt in three stages and employees are given an opportunity at every stage to raise grievances relating irregularities, working conditions, transfers, leave, work assignments and welfare amenities etc. Such issues are effectively settled through the time-tested system of grievance management. However, majority grievances are redressed informally in view of the participative nature of environment existing in the steel plants. The system is comprehensive, simple and flexible and has proved effective in promoting harmonious relationship between employees and management.

Status of Public/Staff Grievances for the period 1.4.2006 to 31.12.2006 is as under:

| Grievances outstanding as on 1.4.2006 | No. of Grievances received during the period | No. of grievances disposed off | No. of grievances pending as on 31.12.2006 |
|---------------------------------------|--|--------------------------------|--|
| 26 | 1,064 | 1,065 | 25 |

RASHTRIYA ISPAT NIGAM LTD. (RINL)

The system of redressal of public grievance has been streamlined, and its scope broadened to include complaints of suppliers, customers etc. and systematic recording of receipt and disposal of such grievances are being carried out. To provide requisite thrust in this area, one senior executive in the rank of Deputy General Manager (DGM) has been nominated as Officer on Special Duty (OSD) to handle and monitor the public grievances centrally. All heads of the departments have been advised to accord due priority for redressal of public grievances as per the time frame and in each department, one executive in the rank of Deputy Chief Manager/Assistant General Manager has been nominated to coordinate redressal of grievances.

Staff Grievances

RINL has a well laid down procedure for handling staff grievances through committee systems viz. Area Grievance Redressal Forum (AGREF) and Central Grievances Redressal Forum (CENGREF). The redressal of staff grievances is coordinated by the zonal personnel executives, who send monthly progress report on the number of employees' grievances received and redressed etc. for compilation, computerisation and monitoring. The entire system of redressal of grievances is monitored centrally by personnel-coordination section.

Status of Public/Staff Grievances for the period 1.4.2006 to 31.12.2006 is as under:

| Name of the Organisation | Grievances outstanding as on 01.04.2006 | No. of Grievances received during the period | No. of cases disposed off during the period | No. of cases pending as on 31.12.2006 |
|--------------------------|---|--|---|---------------------------------------|
| RINL, VSP | Nil | 15 | 15 | Nil |



KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

KIOCL has framed a well defined grievance procedure evolved under the code of discipline in March 1977, which covers all the employees, both executives and non-executives. Ever since the introduction, the scheme has been working satisfactorily without any complaint from any corner either from the recognised union or officers association. In view of the limited number of employees in the organisation, the grievances are easily identified and redressed at the grass root level itself.

Whenever any public grievances are received by the company in writing, the same are acknowledged promptly. The grievances so received are carefully examined in detail and analysed for taking quick and prompt action. Two Directors and two General Managers are designated as Directors of grievances for redressal of the public/staff grievances.

Status of Public/Staff Grievances for the period 1.4.2006 to 31.12.2006 is as under:

| Sl. No. | Name of the Organisation | Grievances outstanding as on 01.04.2006 | No. of Grievances received during the period | No. of cases disposed off during the period | No. of cases pending as on 31.12.2006 |
|---------|------------------------------------|---|--|---|---------------------------------------|
| 1 | Kudremukh Iron Ore Company Limited | 3 | 6 | 6 | 3 |

MANGANESE ORE (INDIA) LTD. (MOIL)

MOIL has its own grievance redressal procedure for executives as well as non-executive employees. The grievance of employees is accordingly dealt with as per rule.

The redressal of Grievance Machinery in MOIL consists of one grievance officer nominated for the purpose at each unit. The grievance officer nominated at the head office co-ordinates with the grievance officers at the units for their effective performance.

All grievance officials have been apprised of the manner in which the public grievance received at this end is to be disposed. The system adopted for dealing the grievance of public was constituted on the basis of instructions received from various authorities in the past.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

The grievance redressal machinery in NMDC is headed by a General Manager in the head office and by head of projects in each of the four production projects. The machinery is working satisfactorily. However, the volume of grievances handled is very low, as such, computerisation has not been done. Public dealing in the organisation being minimal, no time norms etc. have been fixed. However, as and when any public grievance (including in the press) is received, the same is promptly attended to. Monthly and quarterly reports on staff / public grievances are sent to Ministry indicating the position.

Status of Public/Staff Grievances

| Sl. No. | Name of the Organisation | Grievances outstanding | No. of Grievances received during the period | No. of cases disposed off | No. of cases pending |
|---------|--------------------------|------------------------|--|---------------------------|----------------------|
| 1 | Public Grievances | Nil | - | - | - |
| 2 | Staff Grievances | Nil | - | - | - |

MSTC LTD.

A public grievance cell has been constituted to deal with any grievance of any member of the public as well as the employees. Constitution of this cell has been widely circulated to all the offices of MSTC. Grievance received is examined by the cell in consultation with the Head of Department (HoD) concerned and sometimes with the staff union, if the grievance is of collective nature. MSTC being a very small organization having maximum 20 to 30 staff in each department/office, the staff have easy access to the Head of Departments (HoDs) and even Chairman-cum-Managing Director (CMD). Therefore, no necessity has been felt for setting up of formal machinery for redressal

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of employee grievance. Besides, in line with the Hon'ble Supreme Court judgment, a committee has also been constituted for prevention of sexual harassment of women at work place.

Status of Public/Staff Grievances for the period 01.04.2006 to 31.12.2006

| Sl. No. | Name of the Organisation | Grievances outstanding on 01.04.2006 | No. of Grievances received during the period | No. of cases disposed off | No. of cases pending as on 31.12.2006 |
|---------|--------------------------|--------------------------------------|--|---------------------------|---------------------------------------|
| 1. | Public Grievances | 2 | 8 | 8 | 2 |
| 2 | Staff Grievances | 0 | 2 | 2 | - |
| | Total | 2 | 10 | 10 | 2 |

FERRO SCRAP NIGAM LTD. (FSNL)

FSNL is engaged in rendering specialised services to the integrated steel plants in scrap recovery and processing operations. Hence, no direct public dealings are made by the company. However, in case any public grievance is received, the same is redressed without any delay.

For redressal of staff grievance, grievance redressal scheme exists under which the grievances are redressed to the entire satisfaction of the individual concerned, in a time-bound schedule.

Status of Public/Staff Grievances for the period 1.4.2006 to 31.12.2006

| Name of the Organisation | Grievances outstanding as on 01.04.2006 | No. of Grievances received during the period | No. of cases disposed off | No. of cases pending as on 31.12.2006 |
|--------------------------|---|--|---------------------------|---------------------------------------|
| Public Grievances | NIL | NIL | NIL | NIL |
| Staff Grievances | 1 | 11 | 6 | 6 |

MECON LTD.

By and large MECON is not having dealings with public in general. But any specific complaint relating to any kind of harassment is treated as grievance. Complaints from customers are taken very seriously and attended to. There is no grievance pending from the contractors/customers or public in general.

On the advice of Ministry of Steel a notice has been put up near the reception at the main gate mentioning the details of contact official whom the public can contact for the above purpose. Representatives of the public in general have access to meeting the concerned officials of the department and also the designated officials mentioned above on matters relating to public grievances. There are designated officials under Right to Information Act' 2005 for handling public grievances and the same has been given wide publicity through press and electronic media for information of general public.



CHAPTER-XII

IMPLEMENTATION OF PROVISIONS OF PERSONS WITH DISABILITIES ACT, 1995

MINISTRY OF STEEL

The Ministry of Steel and all the undertakings under it fully implement the Government rules with regard to the implementation of provisions of the Disabilities Act, 1995.

Status of implementation of the Persons with Disabilities Act, 1995 during the year 2006-07 (as on Dec. 06)

Name of the Organisation: Ministry of Steel

| Number of Employees | | Number of disabled persons | | | Total (BL+HI+LD) | % age of disabled persons (Col 3 & Col1) | In case figure in Col. 4 is less than 3% reasons there of | Action taken to fill up the shortfall | Remarks |
|---------------------|-----|----------------------------|----|----|------------------|--|---|---------------------------------------|---------|
| Group | No. | BL | HI | LD | | | | | |
| A | 45 | - | - | - | - | - | - | - | - |
| B | 105 | - | - | - | - | - | - | - | - |
| C | 60 | - | 1 | 1 | 2 | 3.33 | Absence of suitable candidate in the feeder grade | | |
| D | 68 | - | - | 1 | 1 | 1.47 | - | - | - |

STEEL AUTHORITY OF INDIA LTD. (SAIL)

Representation of the Persons with Disabilities: as on 1.1.2006

| Group | No. of Employees | In identified posts | No. of Disabled | | | Total VH+HH+OH | % age of Disabled Persons (w.r.t. col. 2) | % age of Disabled Persons (w.r.t. col.3) |
|--------------|------------------|---------------------|-----------------|------------|------------|----------------|---|--|
| | | | VH | HH | OH | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| A | 15,314 | 354 | 0 | 6 | 42 | 48 | 0.31 | 13.56 |
| B | 46,486 | 2,249 | 6 | 57 | 297 | 360 | 0.77 | 16.01 |
| C* | 76,852 | 1093 | 23 | 49 | 408 | 480 | 0.62 | 43.92 |
| C# | 1,642 | 13 | 0 | 2 | 3 | 5 | 0.3 | 38.46 |
| Total | 1,40,294 | 3,709 | 29 | 114 | 750 | 893 | 0.64 | 24.08 |

* Excluding Safai karamcharies # Only Safai karamcharies

Note :

- In SAIL recruitment has remained very limited and need based in past several years. Recruitments have been made mainly against plant operation related posts, which are not suitable for physically disabled persons.
- No. of employees are identified posts relevant for Group 'A' and 'B' posts.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

RINL has comprehensive medical benefit scheme for employees and their dependents. This scheme takes care of requirement of employees with disabilities. Besides this, under RINL's Corporate Social Responsibility (CSR) policy, specific emphasis has been given on rehabilitation of disabled persons. VSP, in partnership with VSP's Mahila Samithi, an association of the wives of the employees of VSP, has set up a school called "Arunodaya Special School" for differently abled children. The school has been provided with a specially designed bus costing

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Rs. 10 lakh. Further, under the CSR scheme, a budget allocation of Rs. 4.65 lakh has been made for the year 2006-07 for procurement of artificial limbs, tri-cycles, calipers for disabled persons in the peripheral villages of VSP.

Status of Implementation of the Provision of Persons with Disabilities Act. 1995 during the Year 2006-07 (as on Dec. 06)

| Group | Total no. of employees appointed after the act came into force (i.e. 7.2.1996) | Out of Col. 1 number of disabled persons | | | Total BL+HI+LD | % age of disabled persons (Col 3& Col.1) | In case figure in Col. 4 is less than 3%, reasons thereof* | Action taken to fill up the shortfall | Remarks |
|--------------|--|--|----------|----------|----------------|--|--|---------------------------------------|---------|
| | | BL | HI | LD | | | | | |
| A | 43 @ | - | - | 2 | 2 | 4.65 | - | - | - |
| B | - | - | - | - | - | - | - | - | - |
| C | 132 | 2 | 1 | 1 | 4 | 3.03 | - | - | - |
| D | 54 | 1 | 1 | 1 | 3 | 5.56 | - | - | - |
| Total | 229 | 3 | 2 | 4 | 9 | 3.93 | - | - | - |

Legends : BL - Blindness or low vision, HI - Hearing impairment, LD - Locomotor disability or cerebral palsy

* Not less than 3% for persons with disability of which 1% each for persons suffering from

i) Blind or low vision ii) Hearing impairment iii) Locomotor or cerebral palsy

@ Posts identified for disabled

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

Status of implementation of Persons with Disabilities (Equal Opportunities, Protection of Rights and Full participation) Act 1995

Since inception of KIOCL, i.e. from April 1976, the Government of India's directives on reservation of posts for the physically handicapped persons in recruitment are being complied with. As per the directives, the percentage of reservation made for the physically handicapped persons in KIOCL is given below:

Blind : 1%

Deaf : 1%

Orthopaedically Handicapped : 1%

The details of physically handicapped employees in different groups in position as on 31.12.2006.

| No. of employees | No. of disabled persons | | | Total BL+HI +LD | % of disabled persons (Col. 3 & Col.1) | In case figure in Col.4 is less than 3% reasons there of* | Action taken to fill up the shortfall | Remarks |
|------------------|-------------------------|----------|----------|-----------------|--|---|---------------------------------------|---------|
| 1 | 2 | | | 3 | 4 | 5 | 6 | 7 |
| Group | BL | HI | LD | | | | | |
| A | 353 | 1 | - | 2 | 3 | 0.85 | please refer # | |
| B | 118 | - | - | 2 | 2 | 1.69 | | |
| C | 947 | 1 | 2 | 8 | 11 | 1.16 | please refer # | |
| D | 130 | - | 3 | - | 3 | 2.31 | | |
| Total | 1,548 | 2 | 5 | 12 | 19 | 1.23 | | |

Legends : BL - Blindness or low vision, HI - Hearing impairment, LD - Locomotor disability or cerebral palsy

* Not less than 3% for persons with disability of which 1% each for persons suffering from

i) Blind or low vision ii) Hearing impairment iii) Locomotor or cerebral palsy

During 1980, in accordance with the directives, a survey was carried out by industrial engineering department. KIOCL being a highly sophisticated fully mechanized mining organization, where employment of physically handicapped in technical areas is a safety hazard and since the operations are mainly carried out by earth moving equipment and sophisticated machinery, the scope for employment of physically handicapped is very limited. Hence, keeping in view the ability of the physically handicapped and the various categories of jobs



available in the organization, certain posts have been identified for employment of the physically handicapped in all the three categories.

KIOCL strives hard to provide appropriate safety and health measures in all the locations and specially where physically handicapped persons are employed and ensures that a particular disability does not come in the way of performance of the jobs allotted to them. The work environment is always maintained in such a manner that productivity/performance of the physically handicapped persons is in no way impaired by the disability. No discrimination is made in recruitment or promotion on account of physical disabilities of the persons in the identified posts.

MANGANESE ORE (INDIA) LTD. (MOIL)

| Group | Total No. of Employees as on 31.03.2006 | No. of posts identified where Physically Handicapped Persons can be appointed | No. of disabled persons (BL+HI+LD) | % with regard to Col | In case Fig in Col. No. 4 is less than 3% reasons there of | Action taken to fill up the shortfall |
|--------------|---|---|------------------------------------|----------------------|--|---------------------------------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| A | 197 | 30 | - | - | (*) | (*) |
| B | 164 | 85 | - | - | | |
| C | 1,460 | 260 | 8 | 3.07% | | |
| D | 5,177 | 95 | 7 | 8.42% | | |
| Total | 6,998 | 460 | 15 | 3.47% | | |

(*) Manganese Ore (India) Limited, being a mining company and major activities carried out are in underground mines situated in remote places, it is not possible, due to statutory restrictions under Mines Act and Metaliferous Mines Regulations and because of the safety reasons, to deploy disabled persons on the jobs which are of strenuous nature at our mines. There is no direct recruitment in the identified category since last 10 years. As and when the recruitment will be done and the same may be taken careof.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

Status of implementation of the Persons with Disabilities Act, 1995 during the year 2006-07 (April-Dec. 2006)

| Number of Employees | Number of disabled persons | | | Total (BL+HI + LD) | % of disabled Per (Col.3&1) | In case figure in Col.4 is less then 3% reasons thereof* | Action taken to fill up the shortfall |
|---------------------|----------------------------|----------|-----------|--------------------|-----------------------------|--|--|
| 1 | 2 | | | 3 | 4 | 5 | 6 |
| Group | BL | HI | LD | | | | |
| A 909 | - | - | 3 | | | NMDC being a mining organisation is governed by the provisions of the Mines Act and Rules and Regulations thereof and considering the safety factor it is not possible to employ persons with disabilities in jobs involving working in the mines/plant. | NMDC has at present on its roll 35 employees with disabilities in various posts. In case of any recruitment in future, due consideration to eligible handicapped persons will be given in posts which are suitable for their employment. |
| B 1,102 | - | - | 10 | 1+2+32 | 0.63% | | |
| C 2,382 | - | 2 | 15 | | | | |
| D 1,139 | 1 | - | 4 | | | | |
| Total 5,532 | 1 | 2 | 32 | 35 | 0.63% | | |

* Not less than 3% for Persons with Disability of which 1% each for Persons suffering from (i) Blind or Low Vision (ii) Hearing Impairment (iii) Locomotor or cerebral palsy

Legends: BL - Blindness or low vision, HI - Hearing Impairment, LD - Locomotor disability or cerebral palsy

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FERRO SCRAP NIGAM LTD. (FSNL)

Status of Implementation of the Persons with Disabilities Act 1995 during the year 2006-07 (as on Dec. 06)

| No.of Employees | No.of disabled persons | | | Total BL+HI+LD | %age of disabled persons | In case of fig. in Col. 4 is less then 3%, reasons there of | Action taken to fill up the shortfall | Remarks |
|----------------------|------------------------|----------|----|----------------|--------------------------|---|---------------------------------------|---------|
| (1) | (2) | | | (3) | (4) | (5) | (6) | (7) |
| Group | BL | HI | LD | | | As stated at* | | |
| A : 155 | - | 1 | - | 1 | 0.65 | | | |
| B : 386 | - | - | - | - | - | | | |
| C : 619 | - | - | - | - | - | | | |
| D : 03 | - | - | - | - | - | | | |
| Total : 1,163 | - | 1 | - | 1 | 0.65 | | | |

Legends: BL - Blindness or low vision, HI - Hearing Impairment, LD - Locomotor disability

* FSNL is a scrap processing company, rendering services to the integrated steel plants. The activities of FSNL operations are carried out in open area in all the seasons. Further, heavy equipment such as balling cranes, magnetic separators, dozers, dumpers etc. are the main equipment used in carrying out operational activities. Thus, the atmosphere/working conditions of FSNL are not conducive for the persons with disabilities and hence engagement of disabled persons for carrying out jobs in field will not be safe for them.

MECON LTD.

Implementation of Provisions of Persons with Disabilities Act, 1995

A number of schemes are being operated by MECON through its community development committee as part of corporate social responsibility, which benefits persons with disabilities. These schemes include vocational training and certificate course in electrical, electronics, welding, computer application, stitching etc. In addition primary schools are run and seeds and plants are distributed to agricultural communities. Medical camp is organised periodically including awareness on HIV/AIDS, free distribution of medicines, clothes and garments etc.



CHAPTER-XIII

PROGRESSIVE USE OF HINDI

MINISTRY OF STEEL

The Ministry of Steel has made greater use of Hindi in official work during the year 2006-07 keeping in view the Annual Programme prepared and issued by the Department of Official Languages (Ministry of Home Affairs) for implementation of the Official language policy of the Union.

The work relating to the Progressive use of Hindi in the Ministry is under the administrative control of a Joint Secretary and is being looked after by a Director level officer. There are two Hindi Sections under the direct charge of Joint Director (Official language). Hindi Implementation Section looks after the work relating to Implementation of Official Language Policy and consists of one Section Officer, one Assistant, one Lower Division Clerk and one Peon (sharing basis). Hindi Translation Section looks after the work relating to Hindi Translation and consists of one Assistant Director (OL), one Senior Hindi Translator, three Junior Hindi Translators, one Lower Division Clerk and one Peon (sharing basis).



Shri Ram Vilas Paswan, Hon'ble Union Minister of Chemicals & Fertilizers and Steel, in a Hindi Advisory Committee meeting.

Official Language Implementation Committee

There is an Official Language Implementation Committee under the Chairmanship of a Joint Secretary in the Ministry. This Committee reviews the progress made in the use of Hindi in the Ministry and its Public Sector Undertakings. Meetings of the committee are held regularly. Three such meetings have been held up to 31st December, 2006 during the current year.

Hindi Salahakar Samiti

Hindi Salahakar Samiti of this Ministry was reconstituted on 30th November, 2004 under the chairmanship of the Minister of Chemicals & Fertilizers and Steel. During the year, Samiti met on 3rd June, 2006.

Implementation of Section 3(3) of the Official Language Act, 1963

In pursuance of the Official Language Policy of the Government of India, almost all documents covered under Section 3[3] of the Official Language Act, 1963 are prepared both in Hindi and English. In order to ensure issue of letters in Hindi to Central Government Offices located in Region "A", "B" and "C" check points have been identified in the Ministry.

Rajbhasha Shield/Trophies

In order to encourage the use of Hindi in the PSUs under the administrative control of the Ministry of Steel, Ispat Rajbhasha Shield (First Prize), Ispat Rajbhasha Trophy (Second Prize) and Ispat Rajbhasha Trophy (Third Prize), a Rajbhasha Shield for the PSUs located in Region "C" have been instituted. These are given every year to the Undertakings on the basis of their annual performance in progressive use of Hindi. Besides, a medal is also awarded to the officer/employee whose work in Hindi is rated to be the best in the Ministry.

Award for writing original books in Hindi

A scheme for awarding cash prizes for writing technical books in Hindi on various disciplines related to the Steel

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industry and its allied subjects is also in operation in the Ministry. An amount of Rs. 20,000/-, Rs. 16,000/-, and Rs. 10,000/- each, is awarded for the first, second and third prize respectively.

Hindi Divas/Hindi Fortnight

In order to encourage use of Hindi in official work amongst officers/employees of the Ministry, appeals were issued by the Hon'ble Minister of Steel and Hon'ble Minister of State for Steel on 14th September, 2006. Hindi Fortnight was organised in the Ministry from 1st September to 14th September, 2006. During this period various Hindi competitions and Hindi workshops were organised.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

SAIL continued its thrust on implementation of official language policy of Government of India. The company has won several prizes at plant/units level including first prize from town official language implementation committee, Delhi and another first prize from Ministry of Steel in the area of promoting the usage of Hindi in official work. In addition, its Hindi house journal "Ispat Bhasha Bharti" bagged the first prize from town Official Languages Implementation Committee, Delhi for being adjudged the best Hindi magazine amongst all PSU's in the year 2005-06.



SAIL was awarded 1st Prize by Town Official Language Implementation Committee (Enterprises), Delhi for the 3rd consecutive year.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

Various activities that are taken up by Hindi Cell of VSP with regard to implementation of official language in the plant are as follows:

- **Training in Hindi typewriting and stenography:** 450 employees were trained in Hindi typewriting and 56 employees in Hindi stenography.
- **Hindi Workshops:** VSP organises regular Hindi workshops for its employees as per the Government policy. So far 78 Hindi workshops have been organised. During 2006-07, 2 workshops were held and 15 executives and 35 non-executives were trained.
- **Meetings of Official Language Implementation Committee (OLIC):** In VSP the OLIC is headed by CMD and all the functional Directors and General Managers are its members. This committee meets regularly every quarter and reviews the progress made during the previous quarter. So far 85 meetings of OLIC have been organized. Two meetings were held on 4.5.2006 and 10.8.2006.
- **Purchase of Hindi Books:** Hindi books are purchased every year for VSP's Central Library and Hindi Books worth Rs. 2.5 lakh are available. The readership of Hindi Books has been found to be satisfactory. For other programmes also, Hindi books worth Rs. 50,000 are procured and distributed to the employees. Even in the township, Hindi Books are kept in the libraries of clubs and community welfare centres.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

The company follows the directives issued from time to time by the Department of Official Language, Ministry of Home Affairs and the Ministry of Steel, Government of India for progressive use of Official Language Hindi. Hindi training is given to the employees. Cash awards and increments are given as per the Government directives. Hindi workshops, orientation programmes are conducted regularly to create awareness, impart knowledge and encourage the employees to do their official work in Hindi. Cash awards are given to such of those employees who do the official work in Hindi.



All the stationery, name plates and name boards of the company are in bilingual form. The annual report, MoU, house magazine, employees' pension scheme, etc., are printed in Hindi also. Hindi software is provided in computers in all departments.

Official Language Implementation Committee meetings take place regularly and the progress during the previous quarter is reviewed in such meetings. Hindi fortnight was celebrated at all the locations of the company. Hindi programmes and several Hindi competitions were held and prizes distributed to the winners.

Hindi Salahakar Samiti's meeting was held at Shillong on June 6, 2006 and the company was conferred with official language prothsaan award for the year 2002-03 & 2003-04 among "C" Region by Hon'ble Union Minister for Chemicals & Fertilizers and Steel, Shri Ram Vilas Paswan.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

During the year 2006-07 the company continued its efforts for the progressive use of official language in all its production units and head office. Successful efforts were made to use official language in administrative as well as technical fields.

Rajbhasha technical/professional seminars were organised during the year in head office as well as in production units. Rajbhasha souvenir and technical booklets were also published apart from Hindi house journals.

NMDC was awarded the Nation's highest award Indira Gandhi Rajbhasha shield a number of times for excellent implementation of official language in the company.

Training in Hindi was imparted to the employees. Various programmes such as 'Hindi Day', 'Rajbhasha Pakhwada', 'Rajbhasha Maah' etc., were organized during the year to bring awareness among the employees and their family members and also among the employees of other local offices situated in and around the units.

FERRO SCRAP NIGAM LTD. (FSNL)

The company ensures strict adherence of all directives of the Government on implementation of official language policy. Hindi Diwas is celebrated in the company and various Hindi competitions like Hindi essay writing, Hindi gyan pratiyogita, Hindi prashnothari partiyogita etc. are conducted and the winners are given prizes. Annual cash awards are also given for Hindi noting/drafting and Hindi typing.

MECON LTD.

Various activities to motivate the employees of the company for use of Hindi in official work as per constitutional provisions were organised during the year. Official language policy of the Government of India is being implemented in the head office and other offices of MECON with full vigour. In addition to coaching classes, workshops and training programmes, quiz and debate competitions were organised during Hindi fortnight for encouraging the employees to do their work in Hindi.

MANGANESE ORE (INDIA) LTD. (MOIL)

Progressive use of Hindi & implementation of Official Language Act in the company continues to receive due importance. To further enhance the vocabulary and knowledge of Rajbhasha amongst the employees and encourage the hidden talents, various competitions like story, poetry, noting and drafting were organised. The company is also publishing in-house Samachar Patrika, "SANKALP", to propagate the usage of Hindi amongst employees at all levels. As the Company has been receiving First prize from the Ministry of Steel for the last 8 years, "CHAL VAIJAYANTI" Award is permanently given to the Company. In addition, for retaining the First position for a very long period of 10 years, the Company has also received "SAHASTRABDI SHIELD" in the year 2006.



CHAPTER-XIV

EMPOWERMENT OF WOMEN

Hon'ble Supreme Court of India in their judgment in August 1997 in the case of Visakha and others Versus State of Rajasthan and others, recognising the international conventions and norms, interpreted gender equality of women, in relation to work and held that sexual harassment at workplace, is against their dignity and is violative of Article 14,15(1) and 21 of the Constitution of India. As per the guidelines laid down by the Hon'ble Supreme Court, all employers whether in the public or private sector should take appropriate steps to prevent sexual harassment. As a part of the complaint mechanism, a complaint committee with a third party representation and headed by a woman, with not less than half of its members should be women, be constituted in each organisation.

In compliance of the guidelines of the Hon'ble Supreme Court, Ministry of Steel has constituted a five-member committee, three of them are women and headed by a woman officer to look into complaints related to sexual harassment at work place. All the public sector undertakings under the Ministry of Steel have been directed to implement the Hon'ble Supreme Court's guidelines.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

SAIL has about 8,500 women employees in both technical and non-technical area, which is around 6% of total employees. The company does not discriminate at either selection, recruitment, placement or promotion levels and equal opportunities are provided for the sexes at all levels. An equal career growth opportunity to all employees irrespective of the gender is the hallmark of SAIL's policy towards professional development of its employees. The number of growing women in senior positions is an indication of the fact that over the years, women would occupy some of the top positions in SAIL.

The training policy of the company takes care of training and development needs of all its employees including the women employees through training needs analysis. Women employees are considered for specialised/technical/managerial training exposures in all areas in keeping with their career growth and job profiles.

SAIL has made all out efforts for setting up of committee on sexual harassment in each plant and unit of the company with representation from NGOs, crèches, separate washrooms, canteens etc. for all employees in the company's precincts. The statutory obligations of the company are also reflected in its policies for women employees, such as, maternity leave, childcare leave benefits.



SAIL provides equal employment opportunities to all and believes in empowering women.



SAIL has also taken a number of steps in various spheres for the larger benefit of the women in society. The activities range from literacy programmes for girls, awareness programmes on healthcare, family planning, ante-natal services, organising health camps, informative programmes on AIDS control. SAIL plants and units also have Mahila Samities engaged in awareness initiatives on social issues as child labour/dowry, exploitation of women, support to economically weaker women towards being self-reliant through self-employment, education, involvement in awareness programmes etc.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

Some of the initiatives taken towards women empowerment during the year 2005-06 and 2006-07 (from 1.4.2006 to 31.12.2006) are given below:

- Special training programmes and workshops were conducted for women employees.
- 18 women counsellors were trained to counsel women for their psychosomatic problems and also for family counselling.
- A talk on common cancers in women by Dr. V. Shanta, Padma Vibhushan and Magsasay Award winner and director of Adayar Cancer Institute was organised for women employees and housewives.
- A talk on medicine free life was conducted for all employees and special programmes exclusively for women employees as well as housewives.
- AIDS awareness programme was conducted in Lankalapalem, a nearby village.
- Free respiratory clinic was conducted at one of the rehabilitation colonies (Aganampudi).
- Workshop on team building for women employees was conducted.
- Adolescent education programme for girls was conducted.
- VSP has a local cell of Women in Public Sector (WIPS). This body takes care of the various issues relating to women employees and has the full support of management. Many actions are taken through this cell.
- A seminar on "Professional Success of Women Executives" was conducted in August, 2006.
- Health camps were organised by WIPS along with VMS, VSGH and other local service committees/trusts.
- WIPS along with Management Services Department familiarised housewives with 5-S concepts.
- Co-ordinator and regional EC members of VSP were nominated for attending national and southern regional meets of WIPS.
- WIPS conducted Annual Sports Meet and Sports Quiz for employees. Further, a WIPS team as well as two teams from township (housewives) were also sponsored for a district level throwball tournament in November, 2006.
- WIPS portal was inaugurated on August 9, 2006, for facilitating spread of information and development.
- House magazine of WIPS was published for encouraging literary talents of women employees.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

All necessary measures/statutory provisions for safeguarding the interests of women employees in matters like payment of wages, hours of work, health, safety and welfare aspects, maternity benefits etc. are being followed by the company. **Details of women employees on rolls of the company as on 31.12.2006 is given below:**

| Groups | Total no.of employees | Women employees | % of representation |
|--------------|-----------------------|-----------------|---------------------|
| A | 353 | 14 | 3.97 |
| B | 118 | 22 | 18.64 |
| C | 947 | 25 | 2.64 |
| D | 101 | 10 | 9.90 |
| D(S) | 29 | 10 | 34.48 |
| Total | 1548 | 81 | 5.23 |

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Based on Hon'ble Supreme Court directives, conduct rules of the company has been amended by incorporating suitable clause for prohibiting sexual harassment of women at work place. A complaints committee has been constituted during September 1998 to deal with complaints made by victims of sexual harassment. The complaints committee comprises of a senior women executive as a chairperson, three nominated women representatives from the recognised union and lady advocate from High Court of Karnataka as a third party member.

A women's forum – Women in Public Sector (WIPS) is operating in KIOCL and most of the women employees are members of the said forum. KIOCL is a life member for WIPS. Co-ordinators are being nominated on rotation basis from KIOCL to liaison with the WIPS and women employees (members) are being sent to attend annual meets/ regional meets of WIPS by the company.

MANGANESE ORE (INDIA) LTD. (MOIL)

MOIL employs 875 women employees, which constitute 12.51% of its total workforce of 6,955 as on November 1, 2006. In compliance of the directives of the Hon'ble Supreme Court guidelines relating to sexual harassment of women workers at work place instructions were issued by Ministry of Human Resources Development, Government of India. Accordingly, a complaint committee comprising of three officials including a lady doctor was constituted in the year 1999. No case of any harassment has since been reported at any of the mines of the company or its corporate office. The directives have been widely circulated to bring awareness amongst the women workers.

Mahila Mandals are working effectively at all the mines of the company. Various cultural, social, educative and community activities, such as adult education, blood donation camps, eye camps, family planning etc. are being organised regularly, mostly for the benefit of the women residing in the remote mine areas.

Every year 8th March is celebrated as International Women Day and various programmes are organised to mark the day.



CHAPTER-XV

NEW INITIATIVES/INNOVATIVE SCHEMES

MINISTRY OF STEEL

The Ministry of Steel received a grant of \$ 0.28 million in March 2001 under focal area “climate change” for development of a project proposal on “energy efficiency improvement in the Steel Re-rolling Mill (SRRM) sector in India.” The SRRM sector mainly comprises of Small and Medium Enterprises (SMEs) with 75% share of small scale. There are over 2000 SRRM units in the country forming part of the secondary steel sector. Extensive survey of the issues associated with the current performance level of the steel re-rolling mills was carried out to identify the barriers that are responsible for technological obsolescence and poor energy efficiency levels of the industry in comparison to the developed countries. The GEF council approved the project in May 2003 for a technical assistance grant of US\$ 6.75 million and the project document was signed on April 12, 2004.

Brief Description

The UNDP/GEF project on energy efficiency improvement in the Steel Re-rolling Mill (SRRM) sector is the first Energy Efficiency (EE) programme in the country for SMEs. The five year project aims at removal of barriers to information, finance and technology with action to policy approach by the Government. Simultaneously, the project will facilitate market transformation and will accelerate penetration of environmentally sustainable energy efficient technologies through successful demonstration of technology packages developed during the project development stage.

The project supports setting up of 30 model demonstration units in five geographical clusters covering 13 states of India and would strengthen the domestic equipment manufacturers. These investments will mainly come from the private sector industry and the financial institutions.

The GEF grant (\$6.75 million) and support from the Government of India through steel development fund (\$7.28 million) would facilitate Technical Assistance (TA) activities like benchmarking, strengthening of institutional arrangements, effective information dissemination and capacity building of all key stakeholders including Government departments and agencies.

Introduction of Energy Service Companies (ESCOs) and third party financing mechanisms is an innovative approach that would be introduced for the first time in the SME segment. A Technology Information Resource and Facilitation Centre (TIRFAC) has been planned to provide long term sustainability to the sector in the post project period through research, technology demonstration and development, design and business support facilities.

Infrastructure Development

The Project Management Cell (PMC) has been set up in the premises of Economic Research Unit (ERU) of Joint Plant Committee in Delhi. Renovation work of PMC has been completed and it is fully functional since January 2005.

The project operations manual has been designed to facilitate functioning of the project cell and implementation of project programs in an effective, efficient and transparent manner so that the decision making process is not hampered.

The main policies laid out in the manual are based on existing establishment rules and regulations of the ministry of steel, public sector units, UNDP – country office and some of the policies being currently followed in the organisation. The policies also take into consideration specific needs of the project and the size of team available for implementation.

TECHNOLOGY INFORMATION RESOURCE AND FACILITATION CENTRE (TIRFAC)

Software Centre

The software-cum-design centre is fully functional and is providing the latest design of reheating furnace to the re-rolling sector. The centre has also procured the latest software on roll pass design and the same is under



installation and commissioning. A number of training programmes have been arranged during the year for the benefit of industry.

Hardware Centre

The Centre will be setup in the premises of National Institute Secondary Steel Technology (NISST) in Mandi Gobindgarh in an overall area of 75m x 42m. The basic design of the centre including preparation of layout is complete and 8 packages have been identified for the total complex. A schedule has been drawn to commission the Centre by Sept. 07 - Oct. 07 as per the project milestone.

Implementation of Model Units

Status in 10 Model Units

The implementation of technology packages in 10 model units taken up in phase-I are at various stages of completion. Designing and preparation of drawings for reheating furnace has been completed for six units. For the remaining units, the discussions are in the final stage

Selection of Additional Model Units

During the various awareness programmes conducted by Project Management Cell (PMC), a large number of steel re-rolling mills have shown interest to join the project and become the model unit. PMC has shortlisted eight units to be taken up in Phase-II i.e 2007-08

Cluster Mapping

As the re-rolling mill has spread the length and breadth of the country, therefore, it is necessary to carry out the cluster mapping of all five zones in the country to identify the status of technology, energy and environment levels, capacity building and needs of various stakeholders of the project. The preliminary work has been completed and the data collection will start soon. Finally a report on each cluster will be prepared by a reputed consultant.

Resident Missions

The resident mission have been set-up in three zones i.e. at Bhubaneswar (Eastern zone), Raipur (Central zone), Mandi Gobindgarh (Northern zone) and one/two more missions will be set up in Southern/Western zones. These missions are representing PMC on the cluster level and create regular interactions with the industry for development of pipeline project and the other activities of the cluster.

Awareness Programme

Three awareness programmes were conducted one each at Raipur, Bhubaneswar and Kolkata to create awareness amongst the rolling mills and service provider about the aims and objectives of the UNDP/GEF Project (Steel) and the latest technology which could be incorporated in SRRM Sector to bring down the energy consumptions and thereby reduce Green House Gas (GHG) emissions

A workshop on Clean Development Mechanism (CDM) was organized at New Delhi with participation of delegates from China, Switzerland, Neitherland and Indian steel re-rolling mills. The knowledge about technology on reduction of energy consumption and creation of a new revenue stream was shared.

5-S Lean Manufacturing System

A programme on lean manufacturing system has been implemented by PMC in association with Confederation of Indian Industries (CII) in Mandi Gobindgarh cluster of re-rolling mills. This programme will also be implemented in other clusters. The programme is on reduction of wastages at different stages of manufacturing processes and thereby to improve the bottom line of the industry.

Mandatory Quality Certification of Infrastructure and Construction Steel Products.

Supply of standard quality steel to consumers is a long felt need. Although, standards specification have been developed by Bureau of Indian Standards (BIS) for a large number of steel products, adoption of "ISI Mark" under the BIS Certification Marks Scheme is not yet mandatory for the producers and they are at liberty to sell any products to the consumers.

Department of Consumer Affairs (DCA) has been suggesting to Ministry of Steel for inclusion of some categories of steel which have a direct bearing on consumers' health and safety and critical to infrastructure under the mandatory compliance with Indian standards under the BIS Certification Marks Scheme.

The proposal has been examined in consultation with the Industry and approval of Ministry of Steel has been



conveyed to DCA for introduction of mandatory quality certification marks scheme in respect of semis, bars & rods and structural steel products, electrical steel, galvanised sheets, Tinplates etc. which are used for infrastructure & construction, power distribution and packaging of food products but excluding steel bars & rods and structurals below certain size used in non critical non load bearing applications.

The scheme is to take effect after six months from the date of its notification during which the producers are expected to acquire the necessary permission from BIS by following the due procedures as prescribed, if not already done.

This will be an important step towards making available quality steel products to the consumers and will be a positive step towards consumer protection and satisfaction.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

- Dedicated website for booking requirement of Thermo-Mechanically Treated (TMT) bars on-line by small customers and door delivery developed to start with at Kolkata and NCR of Delhi
- In order to enhance the usage of steel in rural areas, SAIL has appointed 642 dealers covering 542 districts till October, 06.
- In H-1, e-business almost got doubled to around Rs. 1,300 crore. While reverse auction rose from Rs. 172 crore in H1 '05 to Rs. 397 crore in H1 '06, forward auction increased from Rs. 546 crore in H1 '05 to Rs. 938 crore in H1 '06
- Dedicated website for hosting of tenders for SAIL launched in July '06.
- Decisions taken for merger of Maharashtra Elektrosmet Ltd. (MEL) and Bharat Refractories Ltd. (BRL).
- For securing its logistics, SAIL signed shareholders agreement for forming a Special Purpose Vehicle (SPV) for development of Paradeep – Haridaspur railway line. This will ease movement of coking coal from Paradeep to SAIL steel plants located at Bokaro, Durgapur and Burnpur.
- Candidates seeking employment in SAIL henceforth will not be required to submit attested copies of certificates by gazetted officer.
- SAIL proposes to develop “steel villages” with the help of Institute for Steel Development & Growth (INSDAG), one each near its five major plants locations.
- Sponsoring fabrication and distribution of 150 bullock carts in rural areas.

SAIL has adopted a market-oriented product-mix, reinforcing sales and marketing efforts with greater focus on customer satisfaction. Impetus on cost reduction, productivity improvement and cost control savings have been achieved in major areas. SAIL, a pioneer among PSUs has further widened its coverage of e-commerce in 2005-06. All open tenders are put on SAIL's website. Digital signature certificates are being introduced in



A panoramic view of SAIL's IISCO Steel Plant.



e-commerce activities, for which a SAIL's Certification Authority (CA) system has been implemented, to ensure authenticity and legal validity of transactions on Internet with buyers/sellers.

The PSEs of the Steel Ministry are rapidly switching over to the e-commerce mode for reducing transactional cost and for enhancing speed and transparency. Already SAIL is undertaking e-commerce transactions of around Rs. 250 crore every month, while MSTC has undertaken e-commerce transactions to the tune of Rs. 2,800 crore, which amounts to about 1/3rd of the total turnover during Financial Year 2005-06. The endeavour is to switch over to e-commerce mode to the fullest extent possible over the next few months.

For instance the tendering details of SAIL can be accessed at the website: www.sailtenders.co.in

RASHTRIYA ISPAT NIGAM LTD. (RINL)

With a view to registering continuous improvement, new initiatives are taken in VSP on continuous basis. Some of the new initiatives taken during the year 2006-07 with the aim of enhancing performance and reducing costs are as follows:

Operations

Coke Ovens & Raw Materials Handling Plants (RMHP)

- Installation of vector control drive for CO-36 & CC-52.
- Installation of higher capacity screen.
- Installation of auto controlled weigh feeders in Captive Power Plant (CPP).
- Introduction of Plant Load Control (PLC) system in two numbers of pusher cars.
- Repairing of ammonium sulphate plant floor with PVC lining.
- Introduction of PLC system in Coke Oven (CO) battery-1 and CDCP-1.
- Modification of Coke Car Bucket.
- Replacement of discharging devices with rotary discharge.
- Underground hopper for K-50 Conveyor installed.
- Automation of battery-3 Machines.
- Replacement of critical heat exchangers in CCP.

MANGANESE ORE (INDIA) LTD. (MOIL)

About two-third of the company's production of manganese ore is by underground method. The handling of Run of Mine (ROM) ore in underground mine earlier used to be done manually. The company has during this year introduced an electrically operated Side Discharge Loader (SDL) at its Balaghat manganese mine, initially on an experimental basis, for mechanical handling of the ROM ore in underground. The experimentation has been successful, resulting in improvement in the labour productivity, handling costs and also the rate of mining and consequent improvement in safety.

The company had earlier introduced hydraulic sand stowing in place of manual back filling of the voids created in underground due to mining. However, this had resulted in the sand particulars adhering to ore and thereby deteriorating its quality. The company has therefore installed a "scrubber" on surface for effective washing of the ROM material from underground.

The company has previously been using "cut & fill method" of mining for its underground mining operations, which involves simultaneous back-filling of the voids created in underground due to mining. However, the company has now introduced a new method called sub-level open stopping.

New initiatives or projects in pipeline with the company are:

- Joint venture with Bateman International Engineering, N.V. South Africa.



- Strategic alliance with BHP Billiton, South Africa.
- Acquisition of metalliferous mines abroad through joint venture participation.
- Setting of ferro manganese and silico manganese plants.
- Expansion of EMD production to 1500 MT per annum.
- Setting up of Electrolytic Manganese Metal (EMM) plant of 1000 Tonne Per Annum (TPA) capacity including R&D technology development.
- Setting up facilities for production of various manganese based chemicals viz; Manganese Oxide (MnO), Manganese Sulphate (MnSO₄), Manganese Sesquioxide (Mn₂O₃), Manganic Oxide (Mn₃O₄), Potassium Permanganate (KMnO₄).

BIRD GROUP OF COMPANIES

The Orissa Minerals Development Company Limited (OMDC) has already set up a 30,000 Tonne Per Annum (TPA) capacity sponge iron plant at Thakurani, Orissa. The plant started commercial production from June, 2004. For augmenting production the company has taken the following steps:

- Development of another Railway siding
- Development of mines in a planned way
- Increasing in crushing capacity of the plant



CHAPTER-XVI

RECOGNITION AND AWARDS

The companies under the Ministry of Steel are high in the list of awards related to the Iron and Steel industry.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

SAIL received various awards/accolades for excellence in a number of fields. Some of the major awards are indicated below:

- The Prime Minister's Trophy for best performing integrated steel plant for 2004-05 was won by Bhilai Steel Plant for the seventh time.



Shri Ram Vilas Paswan, Hon'ble Union Minister of Chemicals & Fertilizers and Steel, and Shri Akhilesh Das, Hon'ble Minister of State for Steel at the presentation ceremony of the Prime Minister's Trophy for best performing integrated steel plant to SAIL's Bhilai Steel plant at Vishakhapatnam.

- Standing Conference of Public Enterprises (SCOPE) Award for Excellence and Outstanding contribution to the Public Sector Management – Institutional category for the year 2004-05.
- SCOPE meritorious award for "Environmental Excellence and Sustainable Development" for the year 2004-05.
- 41 Employees of SAIL awarded prestigious Rashtriya Vishwakarma Puraskar for the year 2005 in recognition of the extraordinary contribution for bringing improvements in their respective work areas.
- "National Award for R&D efforts in Industry" to Research and Development Centre for Iron & Steel (RDCIS) for pioneering contributions in design, development and new application of special steel products for the year 2005, instituted by Department of Science and Industrial Research, Ministry of Science and Technology.
- Confederation of Indian Industry (CII), which conferred the first ever sustainability award to Bhilai Steel Plant in the independent unit category for excellence in social, economic and environmental performance.
- Rourkela Steel Plant (RSP) received the Indira Priyadarshini Vrikshamitra Award – 2003 from Ministry of Environment and Forest, Government of India for its commendable efforts in afforestation activities.



Besides, RSP was also awarded the Golden Peacock Environment Management Award – 2005 by World Environment Foundation for excellence in effective environment system.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

Some of the major awards received by RINL are indicated below:

- National Energy Conservation Award 2000, 2001, 2002, 2003, 2004, 2005 & 2006.
- Prime Minister's Trophy for best integrated steel plant for 2002-03.
- Rajiv Ratna National Award for best chief executive to CMD, RINL.



Vishwakarma Award for 41 SAIL Employees for 2005.



Shri Siva Sagar Rao, CMD, RINL receiving National Energy Conservation Award from Shri Sushil Kumar Sindhe, Hon'ble Union Minister of Power.

- Golden Peacock Environment Management Award – 2006.
- Safety Innovation Award-2006 by the Institution of Engineers (India) for contribution in innovating, promoting and implementing best safety practices.
- Two Vishwakarma Rashtriya Puraskar for eleven employees in 2006.
- Award for quality circle teams at CII and international conventions.

- CII-Exim Bank Award for strong commitment for business excellence 2005.
- CII HR Excellence Award 2005 for strong commitment.
- Organisational Excellence Award 2006 from Indian National Suggestion Scheme Association (INSSAN).
- National Award for Excellence in cost management.
- National Water Management Award 2004 & 2005 from CII.
- Leadership and excellence award in safety, health and environment (SHE) by CII.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

- On May 21, 06 NMDC received the IIIIE performance excellence award for the year 2004-05 during the ninth CEOs conference at Lonavala.
- On July 22, 06, NMDC received FIMI environment excellence award 2005-06 for Bailadila Iron Ore project deposit-5,10/11A from Dr. T. Subbarami Reddy, Hon'ble Minister of State for Mines.
- On July 22, 06, NMDC, received FIMI social awareness award 2005-06 for Bailadila Iron Ore project deposit-14/11C from Dr. T. Subbarami Reddy, Hon'ble Minister of State for Mines.
- On Sept. 14, 06, CMD received Indira Gandhi Rajbhasha Shield for excellent implementation of the official

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language policy and progressive use of Hindi amongst the PSUs in region 'C' for the year 2004-05 from Shri Shivraj V. Patil, Hon'ble Home Minister, Government of India.

- On Sept. 19, 06 Shri B. Ramesh Kumar, CMD received Niryat Shiromani Puskar conferred on him and gold medal conferred on NMDC for 2006 from Lt. Gen. (Retd.) Ajai Singh, Hon'ble Governor of Assam, organised by Indian Council of Small and Medium Exporters, New Delhi.
- On Sept. 21, 06, NMDC received CAPEXIL top export award – 2005-06 from Hon'ble Chief Minister of West Bengal.
- On Sept. 21, 06, CMD received Dr. Sir. M. Visvesvraya Industrial Award for best performance in large and medium scale sector-06 from Shri Rameshwar Thakur, Hon'ble Governor of Andhra Pradesh, organized by All India Manufacturers Organisation, Andhra Pradesh State Board.

MANGANESE ORE (INDIA) LTD. (MOIL)

MOIL is perhaps one of the few public sector enterprises in the country known for its continuous excellent performance. The company has been getting national / regional recognition for its good work in almost all the fields of activities. The following are some of the recognition the company has received at national level:

- Prime Minister's merit certificate for its excellent performance under MoU.
- National Safety Award.
- Rajbhasha Puraskar.
- Misrilal Jain Environment Award from FIMI.
- National Energy Conservation Award, 2006.
- Winner of Rescue award under Metal Mining Category

MOIL also recognizes the talents within the company and encourages its employees to actively participate and give suggestions for improvement in the performance of the company. In this direction, a QUEST AWARD has been instituted for rewarding employees for their unique ideas through brainstorming for energy saving, efficiency in productivity, quality improvement, safety, training and development.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

The company received the following awards during the year:

- The company was conferred with Export Excellence Award in Mineral and Mineral based products sector under non-Small Scale Industries (SSI) category in June, 2006 by Federation of Karnataka Chamber of Commerce and Industry;
- Ministry of Steel, Government of India conferred 'Ispat Rajbhasha Shield' to the company on June 6, 2006 in recognition of remarkable progress in the field of progressive use of official language Hindi and its implementation during the years 2002-03 & 2003-04;
- In August, 2006 Visweswaraya Industrial Trade Centre, Government of Karnataka has conferred 'Best Export Award- Mineral and Mineral based products –Non SSI-Gold' for the year 2004-05 in recognition of outstanding export performance;
- In September, 2006 CAPEXIL's Special Export Award was conferred on the company in recognition of outstanding Export performance in respect of iron ore for the year 2005-06.



CHAPTER-XVII

PROMOTION OF STEEL USAGE

Promotion of steel is important in India because the per capita consumption is quite below the global average. Under the circumstances promotion of steel usage is given due importance by the Ministry of Steel, companies and other bodies associated with the steel industry.

Despite significant growth in the steel sector, the country's per capita consumption of steel is still at a very low level of around 35 kg per capita as against the global average of 150 kg. In rural India, the consumption figure is even lower at 2 kg. with the growth of the economy one of the primary initiatives of the Steel Ministry is to initiate a campaign for enhancing domestic steel consumption in



Steel House for a model village.

India. Consequently, the Ministry and the major steel producers are jointly proposing a Steel Promotion Campaign for promoting the utilisation of steel as a cost effective and durable material lending itself to a variety of applications for construction, infrastructure etc. A Joint Steering Committee comprising representatives of the Ministry, the PSEs and the private sector has been formed to formulate and coordinate the various aspects of this campaign.



Steel Bullock Cart .

Providing Steel in Rural Areas at Metro prices

The major steel producers have resolved in September, 2006 to make available items of common steel consumption in the rural areas through their dealer network at the same price as applicable in Metros. Consequently, a significant part of the cost of transportation as well as distributors/wholesalers' margin would be borne by the producers. This is expected to result in relief of about Rs. 600-1000 per tonne to the individual customer in the rural areas.

Model Steel Villages

The major steel producers have also resolved to develop selected villages in their vicinity as "model steel villages" where relevant schemes in areas like health, education, and livelihood would be launched. In these "model steel villages", an endeavor will also be made to promote the usage of steel in buildings and other public infrastructure.

Expansion of Dealers Network

The two steel PSUs under the Ministry of Steel, viz, SAIL and RINL are expanding their dealership network with a

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view to improve availability of steel items across the districts in the country. SAIL has already appointed 651 dealers covering 529 districts. RINL has offered 99 dealerships. While granting district level dealerships, preference is given to qualified SC, ST and OBC personnel.

Design Guidebooks, Handbooks, Manuals & Reports

The following project publications were brought out by Institute for Steel Development and Growth (INSDAG):

- Design Guidebook for Portal Type Pre-Engineered Steel Building
- Design Guidebook for Continuous Composite Bridges
- Cost Comparison between steel and concrete intensive design for a shopping mall
- Steel Intensive Dhaba
- Design Guidebook of Profiled Sheets with embossments
- Preparation of Steel Intensive, Modular type, Community Toilet Blocks
- Year book
- Design Hand book for Cold formed steel section



A Steel Community Hall as a part of Model Steel Villages.

Marketing & Steel Promotion

In its drive to enhance steel consumption and to introduce innovative uses of steel in construction, INSDAG continued its marketing efforts vigorously at two levels. Firstly, by convincing decision-makers to opt for steel intensive construction and secondly, by marketing designs developed by INSDAG in various fields.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

- Widening reach of SAIL products in the domestic market.
- SAIL has appointed 651 dealers covering 529 districts for widening the reach of SAIL products and is rapidly expanding its dealership network across the country.
- Focus on niche markets and high value products.
- Regular advertisement campaign for increasing the awareness for use of Steel, through Magazines and Hoardings.
- Participation in Seminars for providing technical inputs for segment specific applications.
- Branding of TMT Bars as SAIL-TMT, developed as a step towards product image enhancement and attracting customers for use of quality materials.
- Participation in fairs and exhibitions highlighting usage of steel in different consumption areas.
- For promoting the generic use of steel and more importantly, making users (consumers) and common people steel friendly, an advertisement campaign was launched and aired on all major TV channels by the Indian Steel Alliance (of which SAIL is a prominent member).
- SAIL is spreading its dealers net work, at least one in each district throughout the country to make steel items easily available for the consumers.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

With a view to promote usage of steel in rural areas, VSP has initiated the District Level Distributor (DLD) Scheme to widen its network and make steel available in the rural areas. To start with, 60 district level dealers have been appointed in most of the districts of South India. Appointment is likely to be completed shortly in the remaining 6 districts. Till now 99 District level dealerships have been offered in various districts in India.

An All India seminar on DLD was conducted at Chennai in November 2006, wherein awareness regarding economic use of steel in building various structures like bus stop shelters, water tanks, low cost houses were explained to stimulate the consumption of steel in rural areas.



CHAPTER-XVIII

CORPORATE SOCIAL RESPONSIBILITY

The Ministry of Steel is giving comprehensive emphasis on Corporate Social Responsibility.

It has been decided that all profit making PSEs under the Ministry will spend at least 2% of distributable profits towards **Corporate Social Responsibility**.

STEEL AUTHORITY OF INDIA LTD. (SAIL)

Corporate Social Responsibility (CSR) begins by being aware of the impact of its business on society and thus, SAIL has been practising CSR right from its inception. The Credo of SAIL specifically highlights the commitment towards society at large which states inter-alia **“We value the opportunity and responsibility to make a meaningful difference in people’s lives”**. A lot of work has been done to improve the quality of the life in and around the plants/units and townships. SAIL has taken effective measures in the field of environment conservation, health and medical care, education, women upliftment, providing potable drinking water and ancillary development.



SAIL - making a meaningful difference in people's lives.

The Budget allocated for CSR for the year 2006-07 :
Rs. 26 crore.

| Activities | Budget Allocated |
|--|---------------------|
| Peripheral Development in plants/units | Rs. 14 crore |
| Family Welfare | Rs. 2 crore |
| Sports Activity/Sponsorships | Rs. 4 crore |
| Women Upliftment | Rs. 1 crore |
| Other/Miscellaneous | Rs. 5 crore |
| Total | Rs. 26 crore |



SAIL has state-of-the-art medical facility.

Health & Medical

SAIL has 20 hospitals including 4 state-of-art hospitals, situated through out the country having a total strength of around 4,000 beds for the benefit of employees, their dependents and the peripheral population and are managed by around 4,400 people. SAIL has launched an AIDS awareness and control programme in partnership with National AIDS Control Organisation [NACO], Ministry of Health & Family Welfare. Till date about Rs. 32 million have been received for implementing the policies of NACP-II in all Plants/Units. SAIL hospitals also implement the RCH programme across all plants/units. SAIL is also participating in other National Health Programmes like TB Control, anti-Malaria, Leprosy etc.

Peripheral Development

Several socio-economic surveys reveal considerable benefits emanating from SAIL’s efforts that reach interiors up to a radius of 8-16 kilometers. Programmes are undertaken by each plant in close co-ordination with the State Government, District Administration as well as the local panchayats, social organizations and people’s representative of the area. The budget allocated for 2005-06 was Rs.900 lakh which has been increased to Rs.1,400 lakh in 2006-07. All plants/units are making special efforts to initiate new projects in the area of road connectivity, construction

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of bridges/culverts, access to improved water sources etc.

Education

SAIL has continuously strived to provide the best of Education for all the children including wards of employees. Over the years, about 133 nos. of company run schools have been established in the steel townships, which employ around 3,000 teachers who impart modern day education to over 80,000 children. Bhilai and Bokaro Steel Plants have adopted tribal children and are providing them free schooling/education, boarding and lodging facilities.



Imparting Education for strengthening the Nation's foundation.

Sports and Cultural Activities

SAIL has created a large number of sports infrastructure in different disciplines and health related infrastructure in Steel Townships for the use of employees and their families as well as by the peripheral population. SAIL has established residential Sports Academies at Bokaro (Football), Rourkela (Hockey), Bhilai (Athletics-Boys) and Durgapur (Athletics-Girls). SAIL has also introduced non-residential Sports Training Centre in certain disciplines in the Integrated Steel Plants for scientific training. SAIL has been awarding Scholarships to the wards of employees on achieving medals in International/National/Zonal events.

SAIL organises Inter-village Sports activities like football, athletics, archery etc. in the mines area, SAIL Nehru Champion College Hockey Tournament is scheduled to be conducted in February, 2007.

SAIL also provides Sponsorships to various Sports tournaments like Chennai Open (Lawn Tennis), All India Jaipal Singh Gold Hockey Tournament at Rourkela, AITF – SAIL (India-Pakistan) Lawn Tennis Championships etc.

RASHTRIYA ISPAT NIGAM LTD. (RINL)

To discharge its obligation under CSR in a more focused manner, RINL has formulated a Policy on Corporate Social Responsibility with the approval of the Board of Directors in its 211th meeting held on 8th Feb. 2006. The

Board of RINL has allocated up to 2% of its net profit of the previous year as fund for CSR for the ensuing year.

Areas of focus inter alia include promotion of literacy, girl child education, special training and rehabilitation of mentally & physically challenged children/persons, specific support for tribal students in agency area of Visakhapatnam, Pilot Projects on prevention and control of AIDS in association with NACO, extensive medical and health camps in rehabilitation colonies, surrounding areas, agency areas etc, infrastructural facilities in surrounding villages, addressing environmental



Inauguration of a school building at a peripheral village.



issues, Training of Rural Youth for Self Employment (TRYSEM) formation of Self Help Groups (SHG) in rehabilitation colonies and nearby villages, prompt support and succour to victims of natural calamities, conservation of tribal culture, preservation of National/International heritage in association with ASI, promotion of Sports & Games – National Volleyball Academy and involving voluntary organisations in promoting CSR activities.

NATIONAL MINERAL DEVELOPMENT CORPORATION LTD. (NMDC)

Some of the initiatives taken in this direction are:

- It's becoming a Member of the Global Compact Forum under the aegis of United Nations Organisation.
- A commitment to donate Rs. 50 crore to the Government of Chattisgarh for the establishment of a medical college in Jagadapur. The amount is payable in five instalments of Rs.10 crore each and the MOU with the Chattisgarh Government will be signed soon. Rs. 5 crore each in 2004-05 and 2005-06 and Rs.10 crore for the year 2006-07 has already been contributed.
- The Board has approved the policy of NMDC in regard to corporate social responsibility. According to the approved policy, financial contributions can be extended by NMDC for (a) the States where NMDC's mines are situated, having potential for expansion (b) the State Government for development of villages within a radius of 50–75 kms from the Mine/Establishment on specific request (c) development of villages beyond the radius of 75 kms with the approval of the Board in exceptional cases.
- The Board has prescribed 5% of the retained earnings of previous year towards financial contribution to be made by NMDC for the above activities.
- The total amount proposed to be spent in 2006-07 is Rs. 70 crore (5% of carry forward surplus of previous year) towards CSR.

KUDREMUKH IRON ORE COMPANY LTD. (KIOCL)

Kudremukh Iron Ore Company Limited has contributed immensely towards community development in and around the project. Some such developmental works are in the following areas:

- Pure drinking water facilities.
- Mid day meal scheme for poor children.
- Play grounds, buildings, books and other financial assistance to the Educational Institutions.
- Development of social, cultural and recreation facilities.
- Health and Medical facilities to the tribal population.
- Assistance to the poor, disabled and downtrodden.

MSTC LTD.

MSTC has taken following actions for upliftment of underprivileged segment of this society:

- In the year 2005-06, company has contributed Rs.1 lakh each to seven charitable organisations dedicated to upliftment of children, women and poor/aged musicians, etc.
- In the year 2006-07 (up to Dec. 2006) contributed Rs. 19 lakh to organisations dedicated to upliftment of poor and mentally retarded children, minor girls and women.
- MSTC has decided to adopt a slum near the Head Office of the Company at Kolkatta and arrange for primary education and primary healthcare to poor in collaboration with a NGO.
- Efforts are also being made to protect the environment by beautification of nearby small parks.

FERRO SCRAP NIGAM LTD. (FSNL)

During the academic session 2006-07, the company has identified 10 Government schools located in the villages

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near different units of the company situated in the states of Orissa, West Bengal, Chattisgarh, Jharkhand, Andhra Pradesh & Maharashtra and distributed school uniform/ clothes, text books/notebooks etc. to nearly 500 boys/girls belonging to SC/ST/OBC communities, studying in the identified schools.

The company has also extended its support for developing play grounds and providing infrastructure for Football/ Volleyball/Handball and other sports facilities in these schools.

MANGANESE ORE (INDIA) LTD. (MOIL)

MOIL has decided to incur an expenditure of at least 2% of their distributable profit on schemes under Corporate Social Responsibility. A high level committee has been formed for this purpose.

Some of the initiatives taken by MOIL are:

- Building of primary school at Chikla Mine located at Bhandara Distt. (Maharashtra) at a cost of Rs. 22 lakh. Total strength of the school at present is around 400. Annual tuition fee to children studying in the school (numbering 310) hailing from nearby villages are reimbursed.
- Development of children's park at CMS compound in Nagpur at a cost of Rs. 1.60 lakh.
- Installation of Baba Saheb Dr. Ambedkar's statue and development of a garden around the statue at a cost of Rs. 7.75 lakh.
- Financial assistance for relief work in the flood affected villages in the Balaghat District of Madhya Pradesh, scholarship of cultural event 'Kalidas Festival' for promotion of Indian culture and fine arts, organisation of medical camps, etc.
- Construction of toilets, drain and drinking water facilities in villages located around different mines.
- MOIL proposes to construct tar roads, re-tarring of existing roads and WBM roads of 13 kms (approx.) at the cost of Rs. 1.50 crore.
- Beautification/greening of the historical landmark of Nagpur-Zero Mile Stone.
- Construction of a room at the Deaf and Dumb Residential School at Saoner (near Gumgaon Mine).

All other profit making public sector enterprises under the Ministry are also providing infrastructure facilities and contributing to society in various ways under Corporate Social Responsibility.



CHAPTER-XIX

TECHNICAL INSTITUTES UNDER MINISTRY OF STEEL

The Ministry of Steel strives to constantly upgrade the technical skills of the workforce through courses and programmes. The following institutes set up for the purpose deserve a mention for their worthwhile role and contribution:

BIJU PATNAIK NATIONAL STEEL INSTITUTE (BPNSI)

Based on the concept plan developed by the task force set up by the Ministry of Steel, a decision was taken to set up a National Steel Institute (NSI) at Puri, as a training–cum-service-cum-R&D centre under the management of Joint Plant Committee (JPC). The foundation stone for the Biju Patnaik National Steel Institute (BPNSI) at Puri was laid on 1 January 2001. The institute is registered under the Societies Registration Act, 1860 and started functioning from 1 January 2002.

The Chairman, JPC is also the Chairman of the BPNSI. The BPNSI was established to help the domestic secondary steel industry to be in tandem with the rapid transformation which global and Indian steel industry has been undergoing.

The Cabinet has on February 20, 2004 approved the setting up of the BPNSI at Puri as a full-fledged institute with capital funding from JPC. The shortfall in establishment expenditure will also be met by the JPC till the Institute becomes self-sustaining. An advance of Rs. 10 crore has been given to the BPNSI from the JPC fund, the interest of which is to be utilised for undertaking research and development projects. Presently, the BPNSI is conducting course on iron and steel manufacturing incorporating the best manufacturing practices followed.

Some of the major initiatives taken by the BPNSI during the year 2006-07 are enumerated below:

- Students got placement in reputed organisations like TATA Metallic Ltd, Durgapur Steel Plant, Apex Auto, Arati Steel, Shree Mahavir Ferro Alloys, Maithan Ispat etc.
- The institute conducts the course on “Advanced certificate in Iron & Steel Manufacturing and Plant Management” which prepares the students to take managerial position in the Industry since October 2006 onwards .
- For the benefit of the working executives the said course is being offered from January 2007 onwards as part of its Training and Further Education (TAFE) Programme.
- An order amounting to \$10,000/- from M/s J P Plant Tech Co., Japan for collecting data from Reheating furnaces in India has been executed.
- Institute is working as Resident Mission under UNDP-GEF project for the eastern region at Bhubaneswar
- The job of “Cluster Mapping” of steel re-rolling mills in India.

NATIONAL INSTITUTE OF SECONDARY STEEL TECHNOLOGY (NISST)

The NISST was set up as a Society on August 18, 1987 with its registered office at Chandigarh, under the chairmanship of Development Commissioner for Iron and Steel with the following aims and objectives:

- To provide trained technical manpower to the secondary steel sector through short-term and long-term courses and to update their knowledge base.
- To bring awareness about the state-of-the-art Technology by holding Seminars, Workshops, Symposia etc.
- To provide various industrial services and testing facilities.
- To extend consultancy services to industries in terms of solving technological problems, improving energy efficiency and reducing pollution levels.
- To conduct Research, Development and Design work in frontier areas for providing updated technology to this sector.



- To organise for documentation and information retrieval services to the industry.
- To provide the platform for interaction between industry and educational as well as research institutions.

The following areas of secondary steel sector are under the purview of the Institute:

- Electric Arc and Induction Furnace
- Ladle Refining
- Rolling Mills (Hot & Cold)
- Direct Reduced Iron units

Major Activities of NISST

- HRD activities
- Industrial Services/Consultancy
- Testing services for Chemical, Energy & Environmental lab
- Metallography lab
- Spectrometer lab
- Mechanical & ndt lab
- Electrical lab

During the current year, the Institute has achieved certain milestones and taken initiatives as mentioned below:

- NISST has obtained ISO:9001-2000 Certification for its laboratories.
- The Job Oriented Certificate Course (JOCC) in Steelmaking & Rolling Technology run by NISST enters in its 15th year of operation. More than 360 skilled/semi-skilled, supervisory level technical personnel to the secondary steel sector, thereby opening a new channel of employment.
- New Centres for JOCC are being opened to cater to the needs of all parts of the country, viz. Pune, Lucknow, Hyderabad, etc.
- Material testings is done by Government Suppliers like Garrison Engineers, Northern Railway, Power Grid Corporation, Housing Boards among many others.
- Resident Mission run by NISST for UNDP/GEF has been functioning smoothly to meet the goals.
- NISST has been working jointly with UNDP/GEF for setting up the Hardware Centre in its Mandi Gobindgarh Campus.
- Upgradation of Pollution Control Laboratory of NISST at Mandi Gobindgarh is underway and shortly shall be dedicated to the services of the industry as well as the nation.
- NISST is continuously providing technical support to the secondary steel sector to improve quality, yield, value addition and cost reduction to meet the challenge.
- HRD activities are being continuously undertaken to improve knowledge & skill of the employees of the secondary steel sector.
- The institute is organising Seminar, In-house training, Safety Awareness programmes, Workshops for the steel industry.
- On behalf of Ministry of Steel, a report has been prepared for Benchmarking Energy Consumption Norms in the secondary steel sector of the country. It also included suggestion for energy conservation.
- NISST has been empanelled by Bureau of Energy Efficiency (BEE) for conducting energy audits through its qualified and registered energy auditors. Energy audits of industries & buildings including PSEB, Education Board, and Banks etc. are being carried out with suggestive measures for energy conservation in the service to the nation.



INSTITUTE FOR STEEL DEVELOPMENT & GROWTH (INSDAG)

The initiative for setting up of the INSDAG emanated from the steel producers and the Institute was registered as a Society on August 26, 1996. The mission of the Institute is to work in unison with all stakeholders so as to evolve ways and means for efficient use of steel and provide optimum value to the customers.

The Institute primarily works towards the development of technology in steel uses and market for the steel producers. INSDAG is housed in part of the office of the Joint Plant Committee (JPC) at Kolkata. INSDAG was expected to function and grow on contribution from the industry. However, the membership contribution is barely 20% of the total fund requirement, with the balance being met through grants from the JPC.

Education & Training

During the year INSDAG could successfully organise following refresher courses by involving professionals and also trained faculties of Civil Engineering on the latest developments in the areas related to steel intensive construction:

Refresher Courses

| Course Title | Venue | Organised With |
|--|-----------|-------------------------------|
| Steel Concrete Composite Construction | Mumbai | Builders Association of India |
| Proposed Revision of IS: 800 | Chennai | Anna University |
| Corrosion & Fire Protection of Steel Structure | Bangalore | INSTRUCT |
| Steel Concrete Composite Construction | Delhi | Modckon Engineers |
| Proposed Revision of IS: 800 | Delhi | Modckon Engineers |
| Proposed Revision of IS: 800 | Pune | Singhad College of Engg. |
| Steel Intensive Construction | Bangalore | INSTRUCT |
| Infrastructure Development in India | Kolkata | Bharat Sanchar Nigam Ltd. |
| Recent Trends in Steel Intensive Construction | Kolkata | Indian Institute of Metals |

Short Term Training Programme (STTP)

| Course Title | Venue | Organised with |
|-------------------------|----------|----------------|
| Structural Steel Design | Varanasi | ISTE, IT, BHU |

Consultancy Assignments

Some of the consultancy projects in hand are:

- Cost comparison between Steel-Concrete Composite versus. RCC design of 40 storey building at Mumbai - completed.
- Design of RDCIS, SAIL technical / community centre – scheme finalised.
- Frontage design of Durgapur Club–completed.
- Structural design of ISBT, Sarai Kale Khan, Delhi (CPWD, Government of Delhi) – design work in progress.
- Design consultancy of Handloom Bhawan at Janpath (CPWD, Government of Delhi) – design work started.

Some consultancy projects for which INSDAG is trying are:

- CPWD own buildings (CPWD, Government of Delhi).
- Multi-level car parking for Raheja Group, Mumbai.
- Foot Over Bridges at Delhi and Kolkata.
- Expansion/Modernisation project of Usha Martin's Jamshedpur plant.

Award Scheme

(i) *Students Award scheme*: INSDAG has conducted two award schemes involving students (pre & final year) of the Civil Engineering and Architecture disciplines in the leading institutions of the country. (ii) *Professional Award Scheme*: To motivate the Structural Designers/Architects/Developers/Builders for increasing use of steel in construction works, 'Professional Award Competition' has been started.



CHAPTER-XX

IMPLEMENTATION OF THE RIGHT TO INFORMATION ACT, 2005

INTRODUCTION

With a view to promoting openness, transparency and accountability in the administration and good governance of the country, the Government of India enacted the Right to Information Act (RTI), 2005 on 15th June, 2005. This is a landmark in the history of Indian democracy. The provisions of sub-section (1) of section 4, sub-section (1) & (2) of section 5, sections 12, 13, 15, 16, 24, 27 and 28 came into force w.e.f. 15th June, 2005 and the remaining provisions of the Act came into force w.e.f. 12th October, 2005.

OBJECTIVE

The objective of the Act is to promote openness, transparency and accountability in the administration and to provide good governance in the country and at the same time to protect the citizens' Right to Information (RTI) to enable every citizen to secure access to the information from public authorities. Correspondingly, dissemination of such information has become an obligation for all public authorities.

IMPLEMENTATION OF RTI ACT IN THE MINISTRY OF STEEL

A separate Right to Information cell with an Assistant and an Under Secretary has been created to provide secretarial assistance, in proper implementation of the RTI Act. A Deputy Secretary and a Joint Secretary have been nominated as Public Information Officer and Appellate Authority respectively. In addition, two Assistant Public Information Officers have also been nominated. The Ministry also monitors the progress/proper implementation of RTI Act in its PSUs, and other offices which are under its administrative control. The manual of 17 items and details of Appellate Authority/Public Information Officer/Assistant Public Information Officers were hosted on the Ministry's Website: www.steel.gov.in.

All the Public Sector Enterprises under the administrative control of the Ministry of Steel have also hosted the manual of 17 items on their respective websites and Public Information Officers/Assistant Public Information Officers have been appointed. Annual report for the year, 2005-06 of the Ministry of Steel covering all the Public authorities under it was sent to the Central Information Commission. During the year, 2006-07 (up to 31st December, 2006), the Ministry of Steel alone has received 50 (provisional) RTI applications for information.

Various capacity building/training programmes have been attended by Public Information Officers/Assistant Public Information Officers and Personnel handling Right to Information (RTI) requests of the Ministry of Steel and the Public Sector Undertakings (PSU) under the Ministry. Workshops/interactive sessions were also organised by the Ministry and various Public Sector Undertakings, regarding the implementation of the Right to Information Act, for proper implementation and smooth coordination.



ANNEXURE

A SUMMARY OF IMPORTANT AUDIT OBSERVATIONS FOR THE YEAR 2006

MINISTRY OF STEEL

Audit Report No. 8 of 2006

BHARAT REFRACTORIES LTD.

Performance review on Working of Bharat Refractories Limited

Bharat Refractories Limited (BRL) was incorporated in July 1974 as a Government Company. BRL and India Firebricks and Insulation Company (a subsidiary of BRL) were referred to Board of Industrial and Financial Reconstruction (BIFR) in 1992. The BIFR and the Government of India sanctioned three revival schemes during the period January 1997 to June 2002 under which, apart from other concessions, the Company received cash assistance of Rs. 234.60 crore in the shape of loan and equity. Despite these concessions, the Company did not achieve the targets of manpower reduction, production, sales and profitability set forth in the Techno-Economic Viability Report prepared by MECON Limited and it continued to incur losses. The accumulated losses on 31 March 2005 were Rs. 352.56 crore.

The overall production of refractories was only 39 and 87% of the re-assessed capacity during 2001-02 to 2004-05 and the shortfall in production was 1.19 lakh tonne due to under-utilisation of capacity, non-availability of working capital leading to shortage of raw materials and excess manpower leading to increased labour cost of Rs. Nine crore annually.

The Company was supplying magnesia carbon bricks and slide gate refractory under performance guarantee clause to Bokaro Steel Plant, who recovered/received materials free of cost amounting to Rs. 6.33 crore and Rs. 1.97 crore respectively due to non-achievement of the committed heats under the guarantee clause.

As against the re-assessed capacity of 12,000 tonne of silica bricks at BRP, the plant actually produced only 1,790 tonne during 1999-00 to 2004-05 and there was no production during 2003-04, though the product had good contribution margin and market demand. The Management was silent on the issue and had not examined the reasons for negligible/nil production.

The actual rejection of bricks in the process of manufacture from green bricks (un-burnt bricks pressed in Presses) to saleable bricks was much higher than 10 % considered in TEV report. The Management neither fixed norms for rejection nor analysed the reasons.

The utilisation of a 2,500 tonne Sacmi Press procured at a cost of Rs. 753 crore was only 37% during 2000-01 to 2004-05. A press of lower capacity of 2,000 tonne, which was considered earlier, could have well served the purpose.

The Company could not implement the technology for manufacturing continuous casting refractories purchased from Japan in October 1991 at a fee of Rs. 1.12 crore, rendering the expenditure infurctuous.

(Chapter-X)

MSTC LTD.

Performance review on Performance Audit of High Seas Sale Activity

The Company's International Market Division was primarily engaged in 'back to back' sales and despite being planned in the MOU, failed to meet the target of ensuring that at least 20% of the imports were for non-captive buyers.

Specific profit contribution of High seas to the overall financial performance could not be ascertained as no separate cost records for or allocation of overheads made to High Seas sale transactions were maintained by the Company.

During the last five years ending 31 March 2005 maximum business was derived from four to five items. Growth in overall sales of the Company had been price driven and not volume driven. Concentration of sales on limited number of products and reliance on a single customer i.e. HPL involved attendant risk of loss of flexibility and sudden decline in volume of business in future. It also indicated that the Company had failed to widen its market base and product basket despite the same being planned in the strategic plan.

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The Company frequently failed to ensure adherence to the condition of the MOA by the customers. Due to deviation and relaxation given in the terms and condition of MOA to the parties, the Company had suffered a loss of Rs. 4.85 crore.

(Chapter-XI)

STEEL AUTHORITY OF INDIA LTD.

Performance review on Import of Coking Coal

Steel Authority of India Limited (SAIL) does not have captive coking coal mines and is dependent on outside suppliers. Its main suppliers of indigenous coking coal are the subsidiaries of Coal India Limited. In order to improve the technical parameters through blending with indigenous coal and meeting the gap between actual requirement and availability of indigenous coal, the Company had been importing coking coal since 1978-79. Such procurement was made through Long Term Agreements, Spot Tenders and Term Agreements.

Due to the shortage of imported coking coal, there was a decline of 12% (0.31 million tonne) in SAIL's production of saleable steel for the first quarter of 2004-05.

Failure by SAIL to take adequate and timely action through properly planned purchase of hard coking coal resulted in avoidable expenditure of Rs. 344 crore.

In view of SAIL's current time frame for spot tendering, its poor past record in tendering whereby only one per cent of the quantity tendered between November 2000 and December 2004 was actually received and lack of adequate testing and quality assurance, it should consider spot tendering as the least preferred option for SAIL for meeting its planned or urgent requirements of coking coal.

SAIL incurred avoidable additional expenditure of Rs. 87 crore and Rs. 89 crore, by signing term agreements for hard and soft coking coal with two foreign suppliers while simultaneously keeping deliveries under the Long Term agreements with them in abeyance.

Failure by SAIL to exercise the mutual option quantity of 0.150 million tonne of soft coking coal in the LT agreement with a supplier for 2003-04 resulted in a loss of Rs. 32 crore.

Failure by SAIL to take advantage of existing offers for hard coking coal and acquire 0.46 million tonne of hard coking coal in 2003-04, resulted in excess expenditure of Rs. 232 crore on spot purchases of hard coking coals.

(Chapter-XII)

Audit Report No. 12 of 2006

Due to submitting the offer on the basis of the estimates provided by the client, Hindustan Steelworks Construction Limited suffered a loss of Rs. 40.64 lakh in the work of renovation of roads in the Visakhapatnam Steel Plant.

(Para 22.1.2)

Due to defects in adopted technology, Kudremukh Iron Ore Company Limited could not achieve the desired objective of expansion of its pelletising capacity and suffered a loss of Rs. 31.65 crore. Due to defects in adopted technology, the Company could not achieve the desired objective of expansion of its pelletising capacity and suffered a loss of Rs. 31.65 crore.

(Para 22.2.1)

Due to poor bid estimation and inefficient execution of the contract for construction of retail outlets for Indian Oil Corporation Limited, MECON Limited suffered a loss of Rs. 4.63 crore.

(Para 22.3.1)

Due to inclusion of wrong estimates while submitting tender and failure to put completion schedule with its sub-contractors in line with the time schedule as per Indian Oil Corporation Limited work order, MECON Limited incurred extra expenditure of Rs. 3.40 crore.

(Para 22.3.2)

Due to poor bid estimation, MECON Limited suffered a loss of Rs. 86.34 lakh.

(Para 22.3.3)

Due to lacunae in the agreement and consequent delay in realisation of the legitimate dues National Mineral Development Corporation Limited incurred a loss of Rs. 1.89 crore by way of interest.

(Para 22.4.1)



Rashtriya Ispat Nigam Limited failed to recover the value of its Imported Coking Coal amounting to Rs. 34.70 crore, withheld by Indian Iron and Steel Company Limited. It also did not invoke the risk purchase clause under general conditions of the contract to recover an additional expenditure of Rs. 18.49 crore which it had to incur on purchase of 22,794 MT of blast furnace coke on account of failure of IISCO to complete supplies.

(Para 22.5.1)

Rashtriya Ispat Nigam Limited procured US coal based on an incorrect assessment of requirement, which resulted in an extra expenditure of Rs. 35.73 crore.

(Para 22.5.2)

Rashtriya Ispat Nigam Limited incurred an avoidable extra expenditure of Rs. 8.77 crore, as it did not exercise the freight option within the validity period of offer.

(Para 22.5.3)

Rashtriya Ispat Nigam Limited deviated from its own laid down procedure of selling pig iron through open tender and sold the same on spot basis, which resulted in loss of revenue of Rs. 2.40 crore.

(Para 22.5.4)

Steel Authority of India Limited incurred a loss of Rs. 30.84 crore in the procurement of silico manganese and ferro silicon due to not enforcing quantity tolerance at buyer's option for procurement cycle 2003-04 and purchasing the same at higher rate finalised for procurement cycle 2004-05.

(Para 22.6.1)

Despite being aware of the scarcity of hard coke due to price rise, Steel Authority of India Limited delayed advance payments, which resulted in shortage of hard coke and an extra expenditure of Rs. 2.32 crore with the consequential loss of contribution margin amounting to Rs. 28.16 crore on account of production loss of saleable steel.

(Para 22.6.2)

Due to acceptance of supply order without price escalation clause, Steel Authority of India Limited suffered a revenue loss of Rs. 10.15 crore in the sale of steel blooms to Rail Wheel Factory during the year 2003-04.

(Para 22.6.3)

Procurement of iron ore lumps by Steel Authority of India Limited from outside source without considering the stock position at captive mines resulted in an avoidable extra expenditure of Rs. 1.29 crore.

(Para 22.6.4)

Steel Authority of India Limited suffered a loss of Rs. 81.00 lakh due to supply of pipes to Delhi Jal Board below the prescribed specifications.

(Para 22.6.5)

Steel Authority of India Limited suffered a loss of Rs. 66.37 lakh as a result of an irregular arrangement with one of its customers under which it allowed establishment of letters of credit after despatch of goods.

(Para 22.6.6)

Due to installation of solarphoto voltaic street lighting system in a theft prone area without insurance coverage and other safety measures, Steel Authority of India Limited suffered a loss of Rs. 65.39 lakh as most of the equipment were stolen over a period of six months.

(Para 22.6.7)

Failure of Steel Authority of India Limited to monitor timely the changes in classification of commodities for payment of railway freight led to a loss of Rs. 64.87 lakh.

(Para 22.6.8)

Steel Authority of India Limited signed a Memorandum of Understanding for entering into a strategic partnership with a foreign party for securing availability of imported coking coal in exchange for leveraging its iron ore resources without ascertaining the financial implications. The deal was not favourable to the Company.

(Para 22.6.9)