

**MINUTES OF THE INTER-MINISTERIAL GROUP (IMG) MEETING HELD UNDER THE CHAIRMANSHIP OF  
SECRETARY (STEEL) ON 25.03.13**

A meeting of Inter-Ministerial Group (IMG) under the Chairmanship of Secretary (Steel) was held on 25th March, 2013 at 3.30 p.m in Steel Room, Udyog Bhawan, New Delhi to discuss issues relating to steel sector. The list of participants is at Annexure.

2. Welcoming the participants, Chairman, IMG apprised the members about State/Department level meetings held with the Government of Odisha, Government of Karnataka & the Ministry of Railways as follow-up to the last IMG meeting held on 25.07.12. These meetings were fruitful and a number of pending issues relating to both public and private sector steel investments were highlighted. It was informed to the IMG that the Ministry also intends to hold similar meetings with the State Govts of Chhattisgarh and Jharkhand in the near future.

**SAIL**

3. Representative of SAIL highlighted the difficulties being faced by the Company for getting Stage-II, Forest Clearances in Jharkhand.

4. It was mentioned by SAIL that as per provisions contained in Ministry of Mines circular dated 19.09.12, iron ore from captive mines is not allowed to be sold or exported. In the case of SAIL, the Company has large stocks of low grade iron ore fines and slimes accumulated at mine dumps and tailing pond, respectively & Utilization of these would require beneficiation and pelletisation facilities which SAIL is in the process of setting up. Till setting up of these units, SAIL had decided to convert these low grade iron ore fines and slimes as pellets by utilizing the services of KIOCL. KIOCL has so far supplied about 4 lakh tonnes of pellets to SAIL. For every tonne of pellets, SAIL is to provide KIOCL about 1.1 tonne of fines. However, this arrangement has been stopped due to restrictions imposed by the Ministry of Mines vide its circular dated 19.09.12 referred to above resulting in non-utilisation of low grade iron ore fine/slime dumps at SAIL's mines. Representative of Ministry of Mines informed that the matter has already been examined in the Ministry and a clarification in this regard issued some time during March, 2013. On the basis of clarification issued by the Ministry of Mines, there would not be any difficulty for SAIL for continuing supply to KIOCL for pellet making.

5. It was further mentioned by him that SAIL has applied for allocation of coal mines for its captive utilization. All the applications are pending with the Ministry of Coal.

6. For Chiria Mines, the Govt of Jharkhand is to make available an evacuation corridor early. Regarding issues relating to evacuation of iron ore from various mines to the plants either through railways or through ports, the representative of SAIL suggested that a Joint Working Group comprising representatives of Ministries of Steel, Mines, Shipping, Railways and SAIL etc may be formed so that evacuation issues are discussed and sorted out in a time bound manner.

7. The representative of SAIL also requested the Jharkhand Government for expediting the condition stipulated in Stage-I, FC of Duargaiburu lease of SAIL related to furnishing details of unbroken areas from amongst the existing lease in Saranda Forest Division and furnishing a long term plan for the phased utilization of those areas by the State Government. This is a pre-condition for stage-II FC. Further, he requested the Government of Odisha for recommendation for continuation of working in 54 Hect. of already broken up area out of 317 Hect. in the 5.1 sq. mile lease of Bolani iron ore mine since no biodiversity can be affected in this already broken area.

8. Representatives of SAIL brought to the notice about the need for providing security for the proposed railway line project between Rowghat and Jagdalpur. SAIL also sought that Railways should include cost of security of rail line in the overall cost of the rail project as about Rs.250 crore to Rs.400 crore is required as cost of security for the project. In response to this, representative of Railways informed that as per para 6.6 of the MoU, the responsibility of providing security to this project is the concern of Chhattisgarh Govt. However, Secretary (Steel) desired that the request of SAIL for inclusion of the cost of security in the cost of project may be examined by the Ministry of Railways for an expeditious decision.

## **RINL**

9. The representative of RINL mentioned that RINL is in the process of expansion of its production from the present 7.3 MTPA to 12.5 MTPA. In order to meet its increased requirement of iron ore, RINL has submitted 29 applications for captive iron ore mines (Orissa-5, Jharkhand-7, Rajasthan-6, Andhra Pradesh-7, Chhattisgarh-2, Uttar Pradesh-1 and Kanataka-1). As required by the Odisha Government, a proposal for value addition has also been submitted by RINL in that State. However, no captive iron ore mine has so far been allotted to RINL.

10. Regarding Railways, the representative of RINL requested that the surcharge being imposed presently by the Railways on iron ore transportation is on a higher side and is to be restricted to the maximum possible. The Railways are also required to provide adequate number of rakes for the use of

RINL for evacuation of iron ore from Bailadila sector. Doubling of KK line is also required to be augmented on war footing.

11. Secretary (Steel) desired that the Ministry of Mines and State Govts concerned look into the matters relating to the application for captive mines submitted by RINL. Regarding surcharge imposed presently by the Railways, the representative of Railways informed that this being a policy matter, he will not be able to make any comments. The request for adequate number of rakes will be looked into provided detention period of rakes is brought down by the Companies strictly. For KK line, MoU between Railways and NMDC has already been signed and the work is in full swing.

12. Secretary (Steel) further opined that a new scheme recently announced by the Railways for having dedicated corridors under private ownership is a good initiative. Companies interested can opt for the scheme either for the captive use or for use in collaboration with any other stake holder.

#### **NMDC**

13. Representative of NMDC suggested that in order to meet the growing demand from various sources, the Jagdalpur-Raipur route and Jagdalpur railway siding may be strengthened by the Railways. Regarding supply of rakes, on most of the occasions, adequate number of rakes is not made available by the Railways citing various reasons which are normally related to Railways only.

14. He further mentioned that for providing power supply to the Integrated Steel Plant of NMDC at Nagarnar, in Chhatisgarh, the Chhatisgarh State Power Transmission Corporation Limited has to construct a 400 KV line from Raipur to Jagdalpur, 400/220 KV substation at Jagdalpur and 220 KV line from Jagdalpur to Nagarnar, for which an amount of Rs.257.81 crore has already been deposited by NMDC. The work is held up for want of forest clearance. Against this, the representative of Govt of Chhatisgarh informed that about 17 kms of the proposed transmission line from Jagdalpur to Nagarnar is to pass through forest which requires forest clearance. As per information available, the Forest Department has asked for an alternate route.

15. Regarding ML for NMDC's Sadartera Dolomite mine, it was informed that the Govt of Chhatisgarh has asked NMDC to submit some more information about the proposed mine. The matter will be further examined on receipt of information from NMDC.

## **OMDC**

16. Representative of the OMDC mentioned that the iron ore mines, the Company was operating in Odisha, have closed in 2008 for want of environmental clearances. After much persuasion the Company could submit the environmental clearances in January, 2013 to the Odisha Govt., however, the necessary clearances for operation of the mines are still awaited from the State Govt. In the meanwhile, the High Court of Odisha has also, in one of its orders, directed Govt. of Odisha to allow mining by OMDC. The response of Govt. of Odisha is still awaited.

17. Representative of Odisha Govt. informed that as per the official liquidator appointed for the issue of OMDC, OMDC has no *locus standi* with regard to BPMEL. Accordingly, the district administration concerned has been instructed not to allow mining by OMDC. The issue relating to allowing resumption of mining by OMDC is primarily related to the order of official liquidator, succession order and leasing out of mine to OMDC by BPMEL. These issues are to be discussed and resolved in a meeting with State Govt officials early.

## **JSW**

18. Representative of JSW sought lifting of moratorium imposed by the Govt. of Karnataka on mining activities, consequent to the orders of the Supreme Court. The Company's proposal for 16 MTPA project in Karnataka was cleared by the EAC before the moratorium was imposed. However, the EC was not issued in view of the moratorium. The Chairman, IMG informed that the matter relating to lifting of moratorium has already been taken up by the Ministry with the Ministry of Environment & Forests recently and it is hoped that the Ministry of Environment & Forests would take immediate necessary steps in the matter.

19. It was further added by the representative that JSW has one of its projects at Sonahatu Block of Ranchi district, Jharkhand. For its iron ore requirement, the Company intends to use a private railway sliding at Manoharpur Station in Chakradharpur Division of SER. SAIL has a railway sliding in an area near to this and about 3 meters way is required by JSW for using a private railway sliding. The matter has already been taken up with Ministry of Railways and SAIL and in-principle approval for the project is awaited.

20. Another issue raised by the representative of JSW was about coal blocks. At the time of allocation of coal blocks, the Ministry of Coal gives a maximum of 36 months for completion of all the formalities for start of coal mining by the allocates. However, in many cases, the allocates are not even getting the environmental clearance during this 36 months adding to not meeting the milestones prescribed by the Ministry. All coal block allocates are to submit quarterly reports to the Ministry. The details shown in the quarterly reports are to be considered before concluding whether the allocate company has achieved some of the milestones prescribed by the Ministry of Coal or not.

21. It was, however, brought to the notice that the matter should be considered by the IMG on a case to case basis as the criteria for review should be that whether the allocate company has already submitted applications for various clearances within the prescribed time limit of 36 months. If the allocate company has submitted applications for getting various clearances within the prescribed time limit of 36 months and is awaiting clearances even after completion of the prescribed period of 36 months, the allocate Company should not be held responsible for the delay in meeting various milestones prescribed by the Ministry of Coal at the time of allocation of coal blocks.

22. Representative of Ministry of Coal clarified that suggestions etc relating to coal blocks allocation are to be considered and approved by the Inter-Ministerial Group (IMG) constituted for the purpose. Chairman, IMG desired that the Ministry of Coal may place the above request also before the next IMG relating to Coal Blocks allocation for detailed discussions.

### **Bhushan Steel**

23. Representative of Bhushan Steel apprised the IMG of the Ministry of Coal's decision relating to de-allocation of Coal Blocks allocated to them. The Company has so far invested about Rs.25,000 crore for setting up of Steel Plant and another about Rs.630 crore for development of the coal blocks allocated. Citing various reasons, the coal blocks allocated to the Company were de-allocated. The Company sought intervention of the Ministry of Steel in this regard and also sought that at least the coal linkage facility should be provided till the matter relating to de-allocation of coal blocks is decided for survival of the industry.

24. The representative of Bhushan Steel also mentioned that the company is not getting adequate number of rakes for transportation of iron ore at various places. Ministry of Railways informed that the request of the Company would be considered provided the Company kept in place various infrastructural facilities required before seeking additional number of rakes.

## Visa Steel

25. Representative of Visa Steel mentioned that the Mining Lease should be granted to steel companies having MoU with State Govts and having established their plants on priority in preference to those who are only making projections. Against this request, Chairman IMG desired that the Ministry of Mines look into the matter and take up the issue with the State Govts concerned.

26. Another issue raised by Visa Steel was that of allocation of coal blocks for a group of companies. Under option-III of the allocation policy of Coal Blocks, the leader company is to carry out all the work relating to development of coal blocks and the associate companies have no role in the development and are eligible for getting coal on a price fixed by the Ministry of Coal when developed. If the Coal Block, being developed, is de-allocated by the Ministry of Coal, the Leader Company has no option for getting alternate coal linkages till the matter is finalized. Chairman, IMG observed that clubbing of companies for allocation of coal blocks is not working smoothly for reasons cited above. IMG set up for allocation of coal blocks has to take a clear view in this regard in future allocations, if any.

27. The representative of Visa Steel further added that the Company is setting up a Captive Power Plant at Kalinganagar in Odisha. The company has completed all formalities and achieved various milestones prescribed by the Ministry of Coal for setting up of the Captive Power Plant. This is required to be conveyed by the Ministry to the Coal Controller of India so that coal supply to the proposed Power Plant is resumed early. Chairman, IMG assured that the matter will be taken up at appropriate level.

28. In Chhattisgarh, Visa Steel is setting up a 2.5 MTPA steel plant. A PL for iron ore in Kurvanghat village has been recommended by the State Govt of Chhattisgarh in December, 2009 which is still pending for approval by the Ministry of Mines. Against this, the representative of Ministry of Mines informed that the State Govt. is required to give prior approvals on such applications before forwarding it to the Centre and also to clarify whether prior approval of any issues relating to allocation of mine to the Company is pending.

29. Visa Steel requested for iron ore from OMC at reasonable price to meet its requirement of iron ore till the captive mine becomes operational. The price fixing mechanism for iron ore and chrome ore in the e-auction by OMC should be modified to make it viable for consumer industry. Chairman, IMG assured that the requests of Visa Steel will be taken up with the Govt of Odisha for suitable action.

30. The representative of Visa Steel also mentioned that presently the Railways are giving preference to those Companies having more than 1 MTPA production capacity for its various schemes including allotment of rakes etc. This should be revised to 0.5 MTPA so that new upcoming industries could be benefited. Representative of Railways informed that the scheme was in existence prior to 2006 and was revised later on. Chairman, IMG desired the request of the Company for giving priority to those plants having 0.5 MTPA production capacity should also be considered by the Railways so that upcoming industries would be benefited.

31. The representative of Visa Steel stated that the Govt. of Odisha is to expedite allotment of 306 acres of land for solid waste disposal needs of the Company. Allotment of another 675 acres of adjoining land for expansion of steel capacity to 2.5 MTPA at Kalinganagar is also required to be expedited by Govt. of Odisha. The representative of State Govt. of Odisha mentioned that at the time of signing of MoU between the Company and Govt. of Odisha for setting up of steel plant, there was a condition that the Company would not request for more land for expansion activities in future. However, the request of the Company, if any, would also be placed before the Committee for allotment of land for consideration.

#### **Tata Steel**

32. Representative of Tata Steel stated that the Company is in the process of expansion of its Jamshedpur steel plant from 5 MTPA to 10 MTPA with a total outlay of Rs.14500 crore. Kotre Basantpur and Pachmo Coal Blocks have been allotted to the Company for the expansion projects. Application for FC for these blocks is pending. The Company has also requested for renewal of ML and FC for Noamundi Iron Ore Mine. The request for Industrial Township Status for Jamshedpur is also pending with the Govt. of Jharkhand.

33. Representative of Govt. of Jharkhand informed that the matter relating to FC for Kotre Basantpur and Pachmo coal blocks is pending with the applicants for identifying of non-forest land. Regarding renewal of ML and FC for Noamundi Iron Ore Mine, the Mining Officer concerned has been requested to furnish more details for deciding the issue. Grant of Industrial Township Status to Jamshedpur is a sub-judice matter.

34. Further, it was mentioned by the representative that Tata Steel is in the process of setting up of a 6 MTPA integrated steel plant in Kalinga Nagar, Odisha. Renewal of ML for the iron ore mine for the proposed project is pending with the State Govt. of Odisha. The representative of Govt. of Odisha

informed that various matters pertaining to TSL pending in the State Govt. will be looked into and a Committee under the Chairmanship of Additional Chief Secretary, Govt. of Odisha, is responsible for monitoring of various issues pertaining to steel sector in the State.

35. The representative of Tata Steel added that in Chhattisgarh, TSL is setting up a 5.5 MTPA Integrated Steel Plant in Bastar. The identified land for the project is to be demarcated by the State Govt. before taking possession by the company. In response to this, the representative of Chhattisgarh informed that the matter relating to demarcation of land is under process and is expected to be completed very soon.

36. It was further added by Tata Steel representative that in Karnataka, TSL is in the process of setting up of a 6 MTPA steel plant at Haveri. Govt. of Karnataka has agreed for recommendation of adequate iron ore for the Company's captive consumption which is still pending. On this, the representative of Karnataka informed that the State Govt. has not taken any action on the request of TSL. The State Govt. has not yet allowed permission to anyone for mining in the 3 major districts of the State viz., Tumkur, Chitradurga and Bellary. The matter being sub-judice, the State Govt. is not in a position to take a decision on the request of TSL till the same is cleared by the court.

#### **Jindal Steel & Power Ltd**

37. Representative of JSPL brought to the notice that land acquisition/RoW permission for laying of 6 kms out of about 28 kms cross country water pipeline for JSPL's Angul project in Odisha has been held up due to stiff resistance from some local populace in certain parts of the district. Against this, the representative of Odisha informed that necessary action has already been initiated by the State to make sure that there are no resistances from the local populace and the work could be completed in a few days.

38. Another important point raised by the JSPL was increase in the water usage charges and increased charges on Run on Mine coal being washed. The State Govt. of Odisha has increased the water usage charges from the earlier rate of Rs.200 per lac gallon to Rs.2046 per lac gallon. The levy on ROM coal is Rs.100/- per ton. Representative of Odisha informed that the matter is still under consideration and the final decision regarding increase in rates is yet to be taken by the Govt. of Odisha.

39. Regarding the request for coal and Iron Ore Linkages to JSPL, the representative of Odisha informed that the same are under consideration of the State Govt. JSPL's query on the new policy of the



State Govt. of Odisha for free of cost supply of 33% power generated from the power plants including captive power plants based on coal washery rejects was debated at length in the meeting. According to JSPL, no such condition was prescribed by the State Govt. at the time of signing of MOU for the project, which was done some time in 2005. Representative of the Govt. of Odisha informed that the issue raised by the JSPL will be reviewed early by the State Govt. and a suitable decision will be taken.

### **Monnet Ispat& Energy Ltd**

40. It was stated by the representative of Monnet Ispat that PL for the Maabamleshwari iron ore mine in the Rajnandgaon district of Chhattisgarh was allotted to the Company in October, 2010. However, the PL was cancelled subsequently in November, 2011 on the ground of not meeting certain formalities by the company. The cancellation of PL has since been stayed by a Tribunal under the Ministry of Mines. He requested for restoration of the PL. He also raised the matter relating to issue of PL for Dantewada iron ore mine which is pending with the Ministry of Mines since June, 2009 after receipt of recommendation from Chhattisgarh Govt. Further, grant of Mining Lease for Utkal B2 Coal Block is pending with the Govt. of Odisha.

41. He also mentioned that land acquisition for the proposed steel plant in Angul, Odisha has not yet been completed as the Company could so far take possession of only 50% of the required land. Because of stiff resistance from villagers, the earlier proposed location for the plant was to be shifted. State Govt. is requested to make all necessary arrangements for allotment of the remaining required land to the Company. In Jharkhand, the Company was earlier assured of all facilities for setting up of a steel project like land, water, iron ore etc. No action has so far taken by the State Govt. so far and the Company may not be in a position to go ahead with the proposed steel plant.

### **Jai Balaji**

42. Representative of Jai Balaji Group informed that their two steel plants in West Bengal are facing the threat of closure due to non-availability of iron ore supply from Odisha or Jharkhand. The Company does not have any captive iron ore mine. Chairman, IMG informed that the Ministry has already given its recommendation to the Standing Committee on Coal and Mines for giving preference to captive mines while allocating iron ore mines.

43. Jai Balaji Group also requested that the facility of tapering linkage of coal mines should not be discontinued till the coal block allocated to a company is developed fully and adequate coal is started mining.

#### **Arcelor Mittal**

44. Representative of Arcelor Mittal informed that the Company has already been allotted about 2600 acres of land by the Govt. of Karnataka in the Bellary district for setting up of a steel plant. Another 136 acres is being acquired separately. Application for captive iron ore mine in Bellary district is pending with the State Govt. of Karnataka.

45. He further added that Arcelor Mittal had applied for acquisition of 2210 acres of land in Peterwar/Chas of Jharkhand for setting up of a steel plant in November, 2011. The State Govt has not taken any action so far. Representative of Jharkhand Govt. informed that as per information furnished by the DC, Bokaro, the company has not submitted all required information in the prescribed format or the information which have been furnished are wrong. The company is required to re-examine the information furnished.

46. For Karampada iron ore ML/PL, which are pending with the State Govt. of Jharkhand, the representative of Jharkhand informed that the State Govt. has already forwarded the application to the Forest Department to examine whether ML/PL can be given to the Company due to the fact that the proposed forest area is inhabited by elephants. The action taken by the Govt. will be intimated to the Company in a few days.

47. Regarding renewal of MoU, the representative of Odisha Govt. informed that as per information available, the Company has not achieved most of the milestones prescribed by the Govt. of Odisha in the MoU signed by the Company in December, 2006. However, the claim of the Company will be looked into and action if any pending will be taken.

Meeting ended with a vote of thanks to the Chair.

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**LIST OF PARTICIPANTS**

1. Shri D.R.S. Chaudhary, Secretary (Steel) – Chairman
2. Shri Syedain Abbasi, Joint Secretary, Ministry of Steel
3. Shri Lokesh Chandra, Joint Secretary, Ministry of Steel
4. Shri D.B.Singh, Director, Ministry of Steel
5. Dr. S.S. Tak, Jt IA, Ministry of Steel
6. Shri K.B.Nair, Under Secretary, Ministry of Steel

**Other Ministries/Department**

7. Shri A.K.Behera, Executive Director, Railway Board
8. Shri Arun Kumar, Joint Secretary, Ministry of Mines
9. Shri S.KShahi, Director, Ministry of Coal
10. Dr. P.B. Rastogi, Director, Ministry of Environment & Forest
11. Shri P.Halder, Chief Engineer, Ministry of Road Transport & Highways

**State Government**

12. Shri S. K.Popli, Spl. Secretary, Steel & Mines Deptt., Government of Odisha
13. Shri Sanjay Kumar, ARC Jharkhand, Government of Jharkhand
14. Shri K.P. Krishnan, PRC Karnataka, Government of Karnataka
15. Shri Adagatti GA, Additional Secretary (Mines), Government of Karnataka
16. Mrs. B.V. Uma Devi, Resident Commissioner, Government of Chhattisgarh

**PSU**

17. Shri Kalyan Maity, Director (RM & I), SAIL, New Delhi
18. Shri G.M.D Murty, Project Manager (Steel), NMDC Hyderabad
19. Shri S. Thiagarajan, Director (Fin), NMDC
20. Shri S. Bose, Director (Production), NMDC
21. Shri A.P. Choudhary, CMD, RINL
22. Dr. Satish Chander, MD, OMDC

**Private Sector**

23. Shri J. K.Pahwa, Vice President, Visa Steel Ltd, New Delhi
24. Shri R.P.Nangalia, President, JSW Steel Ltd, New Delhi
25. Shri Dinesh Singh Negi, AGM, JSW Steel Ltd, New Delhi
26. Shri Ashish Mathur, Sr. Manager, JSW Steel Ltd, New Delhi
27. Shri Manu Raj Talwar, Manager, Monnet Ispat and Energy Ltd, New Delhi
28. Shri Amitabh Mudgal, Sr.Vice President, Monnet Ispat and Energy Ltd, New Delhi
29. Shri A.K. Mukherjee, Director, Jai Balaji Group, New Delhi
30. Shri Rajib Kumar Paul, General Manager, JSPL, New Delhi
31. Shri Devinder S Arora, General Manager, Arcelor Mittal
32. Shri Chanakya Chaudhary, CRE Tata Steel Ltd, New Delhi
33. Shri Sanjay K. Goenka, DGM, Bhushan Power & Steel Ltd.
34. Shri Anil Ahuja, EVP, Bhushan Steel Ltd.
35. Shri Lalit Joshi, DGM, Bhushan Steel Ltd.