

GOVERNMENT OF INDIA

OUTCOME BUDGET

OF

MINISTRY OF STEEL

2009-2010

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EXECUTIVE SUMMARY

The Outcome Budget of the Ministry of Steel highlights the Ministry's specific role and objectives, its programmes, projects, schemes and activities undertaken to realise these objectives and the outcome of various major schemes/programmes implemented by the Ministry and its PSUs'. The document also highlights the physical and financial targets, achievements for previous years and also the projections for the current year i.e. 2009-10.

Chapter - I gives a brief introductory note on organisational set up and the objectives of the Ministry of Steel, the broad programme classification and agencies engaged in their implementation.

Chapter - II gives the break-up of outlays and outcomes/ targets in respect of major schemes and projects implemented by the PSUs under the Ministry. As the schemes/projects of the PSUs are too many and varied, and mostly related to their day to day operations, only major schemes with estimated/ sanctioned cost of Rs.50 crore and above have been covered. For 2009-10, 57 such major schemes (56 Plan and 1 Non-Plan), have been included in the outcome budget statement. The 55 Plan schemes are being implemented by Steel Authority of India Ltd. (33 schemes), Rashtriya Ispat Nigam Ltd. (14), KIOCL Ltd. (5), NMDC Ltd. (2) and Manganese Ore India Ltd. (1) respectively, with entire expenditure on the schemes funded from their Internal & Extra Budgetary Resources (I&EBR) and one scheme for promotion of research and development in iron and steel sector being implemented by Ministry of Steel. The only major Non-Plan scheme is for providing interest subsidy to Hindustan Steelworks Construction Ltd. (HSCL) for loans taken from commercial banks for implementation of VRS. The estimated/ sanctioned cost, outlay for 2009-10, processes/ timelines, risk factors, projected physical outputs and projected outcomes in respect of these 57 major schemes have been given in the statement.

Chapter - III details the reform measures and policy initiatives of the Ministry of Steel. This chapter also covers the important policy measures, which have been taken by the Government in the post-liberalisation era for the growth and development of the domestic iron and steel industry. An important policy initiative taken in this regard by the Ministry was the announcement of the National Steel Policy (NSP) in 2005. The long-term objective of the NSP is to achieve a modern and efficient domestic steel industry of world standards, catering to diversified steel demand. The focus of the policy is to achieve global competitiveness not only in terms of cost, quality and product-mix but also in terms of global benchmarks of efficiency and productivity. Accordingly, the NSP has set a target of 110 million tonnes per annum of steel production by 2019-20. A 11th Plan Working Group on Iron & Steel Industry constituted in May, 2006 by the Planning Commission to critically assess the performance of the steel industry, examine major

sectoral policy issues and concerns, estimate the demand and supply requirements during 11th Plan (2007-2012) and to make policy recommendations for implementation. The Working Group for 11th Plan (2007-2012) submitted its report in December, 2006. Its major recommendations with respect to specific areas of concern like demand and supply side management, technology and research & development, environment & pollution control, price stability and safety measures. These recommendations and other major thrust areas where supportive measures/policies may need to be provided to make India globally competitive in the iron and steel sector have also been highlighted in this chapter.

Chapter - IV gives a review of the performance of the major schemes and projects with estimated/ sanctioned cost of Rs.50 crore or more of the PSUs in terms of the projected outcomes/ targets indicated in the Outcome Budget, 2008-09 of the Ministry of Steel. The actual achievements (up to 31st March, 2009) vis-à-vis the intended outcome in respect of the 53 major schemes - 52 Plan schemes and 1 Non-Plan scheme - included in Outcome Budget, 2008-09 has been highlighted in terms of actual expenditure incurred and actual achievements of the schemes vis-à-vis the approved outlays and projected outcomes respectively. While the 51 major Plan schemes relate to SAIL, RINL, NMDC Ltd., KIOCL Ltd., MOIL and one scheme relates to Ministry of Steel and the only Non-Plan scheme relates to HSCL. Of the 30 schemes of SAIL, 8 schemes have been completed. As other major schemes are presently under various stages of implementation, a more meaningful and realistic assessment of the actual achievements would be possible only upon completion of the schemes.

Chapter - V gives break-up of the financial outlays and financial requirements of Ministry of Steel, including its subordinate offices and the Public Sector Undertakings/ Organisations under its administrative control. As against budgetary provision of Rs.119.52 crore in BE 2008-09 and of Rs. 774.65 crore in RE 2008-09, a provision of Rs.123.01 crore has been provided in BE 2009-10 under Demand No.91 for the Ministry of Steel. The Ministry's Annual Plan outlay of Rs. 9543.00 crore (I&EBR: Rs. 9509.00 crore and Plan budgetary support: Rs. 34.00 crore) in BE 2008-09 has been increased to Rs. 13756.66 crore (I&EBR: Rs. 13722.66 crore and Plan budgetary support: Rs. 34.00 crore) in BE 2009-10. The substantial plan outlay for 2009-10 has been earmarked for expansions of SAIL's Plants i.e. Bhilai Steel Plant (Rs.1100 crore), Rourkela Steel Plant (Rs. 1400 crore), IISCO Steel Plant (Rs. 3100 crore) & Salem Steel Plant (Rs. 1002 crore) and an outlay of Rs. 1800 crore is kept for capacity expansion of RINL's Vizag Steel Plant. The overall trends in expenditure vis-à-vis Budget Estimates/ Revised Estimates in recent years, including financial year 2008-09, the position of outstanding utilization certificates and unspent balances with the PSUs are also covered in this chapter. This chapter, by linking up the provisions contained in

the Demands for Grants of the Ministry of Steel, thus, serves as a supplement to the Demands for Grants of the Ministry of Steel for the Financial Year, 2009-10.

Chapter – VI provides information on the physical and financial performance of the PSUs under the administrative control of Ministry of Steel during the preceding three years and the financial year 2008-09 (up to 31st March, 2009) as also the projections for 2009-10 (BE).

The major schemes/ projects of the PSUs, almost all of which are being financed out of their Internal & Extra Budgetary Resources (I&EBR), are physically and financially monitored regularly by the concerned PSU's Internal Technical Committee. Besides, periodic review by the Board of Directors, the progress of the schemes/ projects are also being reviewed and evaluated by the Ministry on a quarterly basis. This monitoring and evaluation mechanism is meant to ensure that the actual achievements of the schemes/ projects, upon completion, would tally with the outcomes projected in the Outcome Budget, 2009-10.

INTRODUCTION

1. OBJECTIVES

The main functions of the Ministry of Steel are:

- (a) Formulation of policies in respect of production, distribution, prices, imports and exports of Iron and Steel and Ferro Alloys;
- (b) Planning, development and facilitation for setting up of iron and steel production facilities;
- (c) Development of iron ore mines in the public sector and other ore mines used in the iron and steel industry; and
- (d) Overseeing the performance of Public Sector Undertakings and their subsidiaries and a Government managed company in the iron and steel sector.

2. PROGRAMMES

2.1 The major programmes/sub-programmes of the Ministry of Steel are :-

(i) Mining and Metallurgical Industries - Iron and Steel Industry

- (a) Production, import and export;
- (b) Tariff and Pricing;
- (c) Research and Training;
- (d) Construction Works; and
- (e) Technical and Consultancy Services.

(ii) Mines and Minerals

- (a) Iron Ore;
- (b) Manganese Ore; and
- (c) Chromite Ore.

2.2 Ministry of Steel – the facilitator for development of Steel Industry

The Ministry of Steel is expected to play a crucial role in ensuring harmonious and integrated growth of the Steel Sector in India. Steel being a core sector, its sustained growth is a prerequisite for attaining the level of GDP growth envisaged in the 11th Five Year Plan. However, it needs to be appreciated that steel industry has strong forward and backward linkages with other sectors of the economy and, therefore, its own growth pattern cannot remain uninfluenced by what happens in other sectors of the economy. Escalating raw materials and energy costs are adversely affecting the balance sheets of many companies in the steel sector. There is also a need for a sustained level of private investment in the sector. It may be appreciated that the environment in which the steel sector operates calls for a greater promotional role by the Ministry of Steel. The Ministry of Steel is expected to play the role of a facilitator to remove bottlenecks faced by Indian steel sector. This includes ensuring the availability of raw materials, development of infrastructure, constant interaction with Financial

Institutions for making provision of the needed capital and also interacting with other concerned Ministries and Departments of the Govt. for appropriate policy responses.

3. **ORGANISATION**

The Ministry of Steel is headed by a Minister of Cabinet rank and a Minister of State, duly assisted by a Secretary to the Government of India, a Special Secretary and Financial Adviser to the Government of India, a Chief Controller of Accounts, three Joint Secretaries, one Economic Adviser, five Directors, four Deputy Secretaries and other officers and supporting staff. For dealing with technical aspects relating to the iron and steel industry, there is a Technical Wing under the charge of an Industrial Adviser of the status of Senior Director to the Government of India who is assisted by one Additional Industrial Adviser, one Joint Industrial Adviser and other supporting staff.

Ministry of Steel had an attached office viz. the Office of the Development Commissioner for Iron & Steel (DCI&S), located at Kolkata. Based on the recommendations of the Expenditure Reforms Commission, an administrative decision was taken to close the office of DCI&S and its four Regional Offices with effect from 23.5.2003. Consequent upon the closure, 220 out of the 226 employees of DCI&S were declared surplus and taken on the rolls of the Surplus Cell of Department of Personnel & Training for redeployment. The remaining 6 employees are yet to be declared surplus by the DoPT. The residual functions of DCI&S are being handled by the Ministry except for the function of data collection which has been entrusted to the Joint Plant Committee (JPC).

There is no statutory or autonomous body under the administrative control of Ministry of Steel.

4. **PUBLIC SECTOR UNDERTAKINGS/ GOVERNMENT MANAGED COMPANIES**

4.1 Ministry of Steel has the following Public Sector Undertakings under its administrative control:

- (1) Steel Authority of India Ltd., (SAIL), New Delhi
- (2) KIOCL Ltd, Bangalore
- (3) NMDC Ltd., Hyderabad
- (4) Hindustan Steelworks Construction Ltd. (HSCL), Kolkata
- (5) MECON Ltd., Ranchi
- (6) Manganese Ore (India) Ltd.(MOIL), Nagpur
- (7) Sponge Iron India Ltd.(SIIL), Hyderabad
- (8) Bharat Refractories Ltd.(BRL), Bokaro
- (9) Rashtriya Ispat Nigam Ltd.(RINL), Visakhapatnam
- (10) MSTC Ltd., Kolkata
- (11) Ferro Scrap Nigam Ltd. (FSNL), Bhilai, (A subsidiary of MSTC Ltd.)

(1) **Steel Authority of India Limited (SAIL)** has the following Units under its overall control : -

- (1) Bokaro Steel Plant, Bokaro (Jharkhand)
- (2) Bhilai Steel Plant, Bhilai (Chattisgarh)
- (3) Durgapur Steel Plant, Durgapur (West Bengal)
- (4) Rourkela Steel Plant, Rourkela (Orissa)
- (5) Alloy Steels Plant, Durgapur (West Bengal)

- (6) Salem Steel Plant, Salem (Tamilnadu)
- (7) IISCO Steel Plant, Burnpur (formerly a subsidiary of SAIL, IISCO was merged with SAIL w.e.f. 16.2.2006 and renamed IISCO Steel Plant)
- (8) Visvesvaraya Iron & Steel Plant, Bhadravati (Karnataka)
- (9) Central Marketing Organisation, Kolkata (West Bengal)
- (10) Research and Development Centre for Iron & Steel, Ranchi (Jharkhand)
- (11) Raw Materials Division, Kolkata (West Bengal)
- (12) Centre for Engineering & Technology, Ranchi (Jharkhand), and
- (13) Corporate Office, New Delhi

In addition, SAIL also has a subsidiary namely '*Maharashtra Elektros melt Limited (MEL)*' in which SAIL holds 99.12% share capital. MEL having its plant situated at Chandrapur (Maharashtra) is engaged in the production of Ferro-Alloys.

- (2). **KIOCL Ltd. (formerly known as Kudremukh Iron Ore Company Limited)**, a fully owned Government Company with registered office in Bangalore, was formed in April, 1976 for development of the Iron Ore deposits in Karnataka State for sale of iron ore concentrates produced therefrom.
- (3). **NMDC Ltd.** is the single largest producer of iron ore and diamonds in the country and is engaged in exploration, development and exploitation of various other minerals such as Dolomite, Limestone, Tungsten, Graphite, Tin etc. The Company is also entering into the field of producing high value products like Ferric Oxide, Iron Powder etc. The Company has also undertaken exploration work of Gold in Tanzania. NMDC Ltd. has become the second PSU under Ministry of Steel to be accorded '*Navratna*' status. NMDC Ltd. has a subsidiary company, J&K Mineral Development Corporation, located at Jammu. NMDC has recently signed a MOU with Government of Chhattisgarh for setting up an integrated steel plant of 3 million tonnes capacity per annum at Nagarnar in Chhattisgarh.
- (4). **Hindustan Steelworks Construction Limited (HSCL)**, with its registered office at Kolkata, has undertaken major construction works connected with setting up of steel plants such as at Bokaro, Vizag and Salem and modernization of steel plants at Bhilai, Durgapur, Burnpur (IISCO) etc. 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, the company 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. Today, HSCL is an ISO 9001-2000 company and its capabilities cover almost every field of construction activity.
- (5). **MECON Limited** is the first consultancy and engineering organisation in the country to be accredited with ISO:9001-2000 and registered with the World Bank, Asian Development Bank, European Bank of Reconstruction and Development and United Nations Industrial Development Organisation. The company is one of the leading multi disciplinary design, engineering, consultancy and contracting organization 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.

- (6). **Bharat Refractories Ltd.(BRL)** has four refractory units. The registered office of BRL is located at Bokaro. The company is engaged in the manufacture of refractory bricks and masses and supplies mainly to Public Sector Steel Plants. The Govt. of India on 24.4.2008 has approved the financial restructuring and its merger with SAIL. The merger process is expected to be completed soon.
- (7). **Manganese Ore (India) Ltd.(MOIL)**, with corporate office at Nagpur, is the largest domestic producer of high grade manganese ore, a raw material for manufacturing of Ferro-Alloys – an essential input for steel making – and dioxide ore for manufacturing dry batteries. To improve business volume and profitability, MOIL diversified its activities into manufacture of value added products during 90's. As part of diversification, the company set up a project for manufacture of Electrolytic Manganese Dioxide in the year 1991 with initial installed capacity of 600 MT per annum, which has been expanded in a phased manner to 1500 MT per annum. As further diversification, MOIL had set up a Ferro Manganese Plant of 5 MVA capacity at Balaghat in Madhya Pradesh during the year 1998, with an installed capacity of 10000 MT per annum.
- (8). **Sponge Iron India Ltd.(SIIL)** came into existence after the successful operation of the Demonstration Sponge Iron Plant, set up with the participation of Govt. of India and State Government of Andhra Pradesh and assistance of UNIDO/UNDP, for production of sponge iron based on solid reduction process of iron and iron ore. The Government has approved merger of SIIL with NMDC Ltd. on 22.5.2008. The merger process is at an advanced stage and is likely to be completed soon.
- (9). **Rashtriya Ispat Nigam Ltd. (RINL)**, with its Registered Office at Visakhapatnam, is the first shore based Integrated Steel Plant set up in India. It was commissioned in August, 1992, with liquid steel capacity of 3.0 million tonnes per annum. The company has drawn its Corporate Plan aiming to reach 16 Million Tonnes by 2019-20 in phases and is presently executing its first phase of expansion of liquid steel production to 6.3 Million tonnes from 3.0 Million tonnes by 2010-11.
- (10). **MSTC Ltd.** is a trading concern of Government of India previously designated as the canalising agency of the Government for import of steel melting scrap for distribution to mini-steel plants. Its head office is located at Kolkata. The company lost its status as a canalising agency with effect from February, 1992, and is now operating in a totally free and competitive environment like any other private trader. The company undertakes trading activities, e-commerce, disposal of ferrous & non-ferrous scrap, surplus stores and other secondary arisings generated mostly from Public Sector Undertakings and Govt. Departments, including Ministry of Defence.
- (11). **Ferro Scrap Nigam Limited (FSNL)**, earlier a Joint Sector Company between MSTC Ltd. and M/s Harsco Corporation Inc., USA, has now become a 100% subsidiary of MSTC Ltd. with the acquiring of 40% equity shares held by M/s Harsco by MSTC. The main objective of the company is to reclaim iron & steel scraps from slag in all the integrated steel plants under SAIL, RINL and NINL and also operating in the Private Sector Steel Plants like IIL and JSPL. The Company

is one of the pioneer enterprise which provides specialized services to the metallurgical industries in the country.

4.2 In addition to the above PSUs, there are Govt. managed companies viz. **Bird Group of Companies, Kolkata**, under the Ministry of Steel. Consequent upon acquisition of the shares held by the Bird and Co. Ltd. in 21 Companies by the Government of India with effect from 25th October, 1980, the following 7 companies related to the steel industry of the Bird Group came under the administrative control of the Ministry of Steel :-

- (1) The Orissa Minerals Development Co. Ltd. (OMDC)
- (2) The Bisra Stone Lime Co. Ltd. (BSLC)
- (3) The Karanpura Development Co. Ltd. (KDCL)
- (4) Scott & Saxby Ltd. (SSL),
- (5) Eastern Investment Ltd. (EIL)
- (6) Burrakur Coal Co. Ltd., and
- (7) Borrea Coal Co. Ltd.

Of the above 7 companies, three companies viz. OMDC, BSLC and KDCL are mining companies. SSL is engaged in the activities relating to sinking of deep tube wells and mineral exploration. EIL is an investment company having a major stake in the equity shares of operating companies under the Bird Group. Borrea and Burrakur coal companies became non-operational after nationalization of coal mines and are in the process of liquidation. Only four companies viz. OMDC, BSLC, KDCL and SSL are now operational.

The major schemes/ programmes (estimated/ sanctioned cost of Rs.50 crore or more) implemented by the PSUs during 2008-09 are given in Chapter - II.

The list of PSUs and Govt. managed company under the Ministry of Steel, with the locations of their registered offices, is given below.

I. Public Sector Undertakings/Subsidiaries

- 1 Steel Authority of India Ltd. (SAIL), Ispat Bhavan, Lodi Road, New Delhi - 110003
- 2 KIOCL Ltd., 11Block, Koramangala, Bangalore – 560 034.
- 3 NMDC Ltd., Khanij Bhavan, 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028
- 4 Hindustan Steelworks Construction Ltd. (HSCL), 5/1, Commissariat Road, Hastings, Kolkata - 700022
- 5 MECON Limited, MECON Building, P.O. Hinoo, Ranchi – 834 002.
- 6 Manganese Ore (India) Ltd. (MOIL), MOIL Bhavan, 1A, Katol Road, Nagpur – 440013
- 7 Sponge Iron India Ltd.(SIIL), NMDC Complex, Khanij Bhavan, 10-3-311/A, Castle Hills, Hyderabad – 500 028
- 8 Bharat Refractories Ltd.(BRL), Indira Gandhi Marg, Sector IV, Bokaro Steel City, Bokaro, (Jharkahand) - 827004
- 9 Rashtriya Ispat Nigam Ltd.(RINL), Project Office 'A' Block, Visakhapatnam -530 031
- 10 MSTC Ltd., 225 F, Acharya Jagdish Bose Road, Kolkata – 700 020
- 11 Ferro Scrap Nigam Ltd. (FSNL), FSNL Bhavan, Equipment Chowk, Central Avenue, Post Box No. 37, Bhilai, Chhatisgarh – 490 001

II. Government managed Company

- (1) Bird Group of Companies, FD 350, Salt Lake, Sector – III, Kolkata – 700 106

CHAPTER – II

OUTCOME BUDGET FOR 2009-10 OF MAJOR SCHEMES

In 2005-06, the concept of Outcome Budget was introduced by the Government with the objective of improving the quality of development programmes by making their conceptualization, design and implementation 'outcome' oriented. It is based on the premise that 'outlays do not necessarily mean outcomes'. The intention of outcome budgeting is to track not only the intermediate physical 'outputs' that are more readily measurable, but also the 'outcomes' which are the end objectives of State intervention. This requires strong project/ programme formulation, appraisal capabilities, as well as effective delivery systems. The development outcomes need to be defined in measurable terms, with benchmarking of unit cost of delivery, making the entire exercise monitorable. This also requires better utilization of physical assets and manpower, and steps to improve project management and programme implementation, including effective monitoring. Appropriate systems also need to be put in place to ensure timely flow of funds, which should be utilized for the intended purposes with the desired outcomes; and properly accounted for through suitable reporting, audit and evaluation mechanisms. Outcome Budget is, therefore, an effort to put in place a mechanism to measure the development outcomes of all major programmes.

Ministry of Steel had no scheme to implement directly till 10th Plan (2002-07). In the 11th Plan (2007-12), a new scheme named 'Scheme for promotion of Research & Development in Iron and Steel sector' was included with a budgetary provision of Rs. 118.00 crore for promotion of research & development in the domestic iron and steel sector. The scheme was formally approved for implementation on 23.01.2009. As per approval the scheme is to be effective from 1.4.2009.

The PSUs under the administrative control of the Ministry formulate and implement various schemes/ programmes related to their respective area of operations. The Plan schemes of the PSUs are components of their respective Annual Plans or Five Year Plans or of both, depending on the nature of the scheme. Since each PSU has several schemes, most of which are related to the normal day to day functioning and operations of the company, it was felt that inclusion of all schemes of the PSUs in the Outcome Budget of Ministry of Steel would neither be practical nor commensurate with the objectives of outcome budgeting. A decision was, therefore, taken that only major Plan and Non-Plan schemes with sanctioned/estimated cost of more than Rs.50.00 crore be included in the Outcome Budget of Ministry of Steel.

Accordingly, in the Outcome Budget of Ministry of Steel the major schemes (sanctioned cost of Rs.50 crore and above) of the PSUs are reflected, as given in the following table. However, with a view to establish one-to-one correspondence between Financial Budget, 2009-10 and Outcome Budget, 2009-10, of Ministry of Steel, the budgetary allocations for the various schemes/ programmes costing less than Rs.50 crore of the Ministry and PSUs have also been indicated in the table.

Schemes with estimated/sanctioned cost more than Rs.50.00 crore)

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/now scheduled	
1	2	3	4	5	6	7	8	9	10	11
A.	SCHEMES WITH ESTIMATED/SANCTIONED COST MORE THAN RS. 50.00 CRORE									
1.	<u>STEEL AUTHORITY OF INDIA LTD. (SAIL)</u>									
(a)	Bhilai Steel Plant									
(i)	Rebuilding of Coke Oven Battery-5	To improve production and to achieve latest pollution norms of MOEF	219.04	=	=	15.00	Rebuilding with latest pollution norms of MOEF	July'08	see col. 11	Erection completed in Dec'08. Completion linked to requirement of coke in BFs.
(ii)	Power supply facilities for 2x1250 tpd O ² plant	Evacuation of power at 220 KV from Power plant-3 being constructed through NSPCL, a JV co. of NTPC & SAIL to meet the future power requirement of BSP.	62.00	=	=	20.81	Out of 500 MW, 280 MW is allocated for BSP	Sep'08	Feb'09	Completed
(iii)	Installation of Main Step Down Station (MSDS-V)	Evacuation of power at 220 KV from new Power plant-3 under construction through NSPCL, a JV co. of NTPC & SAIL to meet the future power requirement of BSP.	143.02	=	=	15.00	Out of 500 MW, 280 MW is allocated for BSP	Nov'08	Jun'09	--
(iv)	Installation of new Slab Caster, RH Degasser and Ladle Furnace	To produce value added /special quality of steel to augment capabilities to produce high quality plates and rails conforming to specifications for Indian Railways.	520.76	=	=	30.00	Additional casting of 0.165 mtpa. API X65/X70 grade-3,00,000T. Casting of heats commenced on regular basis & 113 heats taken so far. Under stabilization.	July'08	Jan'09	Completed

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/now scheduled	
1	2	3	4	5	6	7	8	9	10	11
(v)	Hot Metal desulphurization in SMS	Facilitate production of low sulphur steel to meet demand for high quality steel, particularly for application in offshore, transport and structural sectors	86.23	=	=	16.78	Reduction in sulphur level in Hot Metal from 0.1% to 0.01% sulphur level achieved as envisaged	Mar'08	Jan'08	Completed
(vi)	Thyristorisation of Plate Mill drives	Replacement of old and unreliable MG sets by modern thyristor converters with state-of-art digital control	53.52	=	=	28.00	Improvement in mill availability & saving in power consumption	Feb'09	May'09	--
(vii)	700tpd ASU at Oxygen Plant-II	New ASU being installed in Oxygen Plant-II to meet the increasing requirement of O ₂ , N ₂ & argon	244.30	=	=	30.00	700 tonne per day of O₂	Jul'09	May'11	Contract terminated with M/s Cryogen mesh retendered. Fresh contract signed.
(viii)	End forging Plant	For converting end profile thick web rails to profile of stock rails, needed by Indian Railways for manufacture of heavy haulage/high speed tracks and for the proposed freight corridor	53.52	=	=	8.22	Production of rails for making heavy duty switches for heavy haulage/ high speed tracks.	Nov'08	Mar'09	Completed
(ix)	Rebuilding of COB-6	To improve production and to achieve latest pollution norms of MOEF	191.20	=	=	60.00	--	Jan'10	Jan'10	--
(x)	Expansion of BSP	Phasing out of low graded & energy intrinsic units, induction of semis.	6628.20 (Part)	=	=	1100.00	Increase in HM capacity from 4.82 mtpa to 7.5 mtpa	--	--	--

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/now scheduled	
1	2	3	4	5	6	7	8	9	10	11
(b)	Rourkela Steel Plant									
(i)	Rebuilding of Coke Oven Battery-4	To improve production and to achieve latest pollution norms of MOEF	248.94	=	=	90.00	Rebuilding with latest pollution norms of MOEF	Aug'09	Aug'09	--
(ii)	Hot Metal Desulphurisation Unit in SMS-II	Facilitate production of low sulphur steel to meet demand for high quality steel, particularly for application in off-shore, transport and structural sectors.	52.39	=	=	6.96	Reduction in Sulphur level in Hot Metal from 0.1% to 0.01% Sulphur level achieved as envisaged.	May'08	Apr'08	Completed
(iii)	Installation of Pipe Coating Plant	Supply pipes, mainly to the hydrocarbon sector, in the coated condition.	68.27	=	=	6.12	60,000 tpa capacity with outer dia of pipes ranging from 8" to 42"	Aug'08	Sep'08	Completed
(iv)	Coal Dust Injection system in BF-4	Technical necessity for reduction in coke rate and improvement of the furnace productivity	70.71	=	=	23.17	Replacement of coke with pulverized coal on 1:1 basis, Coal injection rate in Blast Furnace at 120 Kg/thm.	Oct'08	Sep'09	Delay in design engineering & equipment supply by M/s Sinosteel, China. Delay in civil & strl. work and supply of equipment by M/s Sinosteel.
(v)	Uprating of Turbo Blower No. 5 in CPP-I	For meeting the high top pressure requirement of BF-4 and also meeting air requirement of other BFs in case of shutdown/non-availability of other Turbo Blowers.	54.05	=	=	20.00	Capacity of discharge volume of 1,63,000 Nm³/hr at a pressure of 2.3 Kg/cm²	Jan'09	Jul'09	--
(vi)	New Coke Oven Gas Holder	New Coke Oven Gas Holder as a replacement to maintain adequate pressure in the gas grid	123.22	=	=	40.00	100,000 m³ capacity	Jun'09	Jun'09	--
(vii)	700tpd Oxygen Plant	New Oxygen Plant to meet increasing requirement of oxygen, nitrogen & argon	302.70	=	=	100.00	700 tonne per day capacity	Jun'09	Dec'09	--

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/now scheduled	
1	2	3	4	5	6	7	8	9	10	11
(viii)	Simultaneous Blowing of BOF Converters of SMS-II	For enhancing the production capacity of SMS-II	197.66	=	=	<u>72.83</u>	<u>Enhancing production from 1.68 Mtpa to 1.85 Mtpa</u>	Oct'09	Oct'09	--
(ix)	Expansion of RSP	To increase the hot metal capacity to 4.5 mtpa	6873.72 (Part)	=	=	<u>1400.00</u>	<u>Increase in Hot Metal capacity from 2.12 mtpa to 4.5 mtpa</u>	--	--	--
(c)	Bokaro Steel Plant									
(i)	Air Turbo-Compressor (ATC) and Oxygen Turbo-Compressor (OTC) at Oxygen Plant	Technical necessity for maintaining health of equipment and output of Oxygen Plant on a sustainable basis in future.	81.76	=	=	<u>20.00</u>	<u>ATC capacity 90,000 Nm3/hr and OTC capacity 15,000 Nm3/hr</u>	July'08	May'09 (ATC)	- Delay in handing over of site as Cylinder Filling Station could not be relocated due to operational requirement.
(ii)	Coal Dust Injection in BF-2&3	Technical necessity for reduction in coke rate and improvement of the furnace productivity	133.92	=	=	<u>20.00</u>	<u>Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm.</u>	July'08	Oct'09	- Relocation of Coal handling & storage site delayed due to finalization of site for SMS-3 under expansion plan. - Delay in fabrication & erection of structures by M/s SREPC & Techpro.
(iii)	Coking Coal Storage facilities in Coal Handling Plant	Augmentation of storage facilities for coking coal in coal handling	134.32	=	=	<u>30.00</u>	<u>Increase in storage capacity from 115,000 T to 202,500 T</u>	Oct'08	May'09	- Delay in design engineering and supply of equipment by M/s BHEL. - Delay in civil work by M/s BSBK.
(iv)	Installation of 2 nd Ladle Furnace in SMS-II	To facilitate production of value added steels, especially steel grades with low sulphur content, reduction in return heats, savings in oxygen consumption & ferro alloys, besides creating a buffer station for longer sequence at casters & flexibility in operation.	96.96	=	=	<u>30.00</u>	<u>Production of value added steels, improvement in lining life of converters.</u>	Sep'08	Oct'09	- Delay in design engineering & equipment ordering by M/s VAI and M/s Siemens. - Lack of resource mobilization by M/s HSCL & KCC leading to delay in civil work.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/now scheduled	
1	2	3	4	5	6	7	8	9	10	11
(v)	Replacement of Battery Cyclones with ESPs in Sinter Plant	Replacement of Battery Cyclones by Electrostatic Precipitators to meet statutory requirement of emission level of outlet dust as per norm of Central Pollution Control Board.	80.60	=	=	20.00	6 no. of ESPs of capacity 900,000 m³/hr to control emission level of outlet dust at 150mg/Nm³	Aug'10	Aug'10	--
(vi)	Installation of new Turbo Blower No. 8	To meet the enhanced cold blast (CB) requirement of BF-2	105.33	=	=	70.00	CB at blower discharge vol. of 4000 Nm ³ /min and discharge pressure of 3.9kg/cm ² at blower end.	Aug'09	See col. 11	Contract with M/s Roselectropom terminated retendered under finalization.
(vii)	Up gradation of BF-2	To increase the useful working volume and productivity	892.32	=	=	388.00	Useful volume will increase from 1758 to 2259 m ³ and productivity will be 2t/m ³ /day	Aug'09	Mar'10	Shut down of BF-2 deferred due to capital repair of BF-3.
(viii)	Rebuilding of COB-1 & 2	To improve production & achieve latest pollution norms of MOEF.	500.90	=	=	100.00	Improve production & achieve latest pollution norms of MOEF.	Apr'10	Dec'10	Jul'10-COB#1 Oct'10-COB#2 Contractual Sch: 27m from date of site handover
(ix)	Expansion of BSL	Phasing out energy intensive units & introduction of energy efficient technology.	3717.42 (Part)	=	=	600.00	New Cold Rolling Mill complex of 1.2 mtpa	--	--	--
(d)	IISCO Steel Plant									
(i)	Rebuilding of Coke Oven Battery-10	To improve production and to achieve latest pollution norms of MOEF	416.50	=	=	180.00	Rebuilding with latest pollution norms of MOEF	Sep'09	Mar'10	--
(ii)	Expansion of ISP	To install a new stream of facilities to produce 2.7MTPA hot metal, 2.5MTPA crude steel & 2.37 MTPA saleable steel.	16073.94	=	=	3100.00	2.7 MTPA hot metal, 2.5MTPA crude steel & 2.37 MTPA saleable steel.	May'10	Jul'10	--

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/now scheduled	
1	2	3	4	5	6	7	8	9	10	11
(e)	Salem Steel Plant									
(i)	Expansion of SSP	To create steel making facilities with continuous casting & new CRM	2138.00	=	=	1002.00	To increase crude steel production from nil to 0.18 MT & saleable steel from 0.18 MT to 0.34MT.	Mar'10	Mar'10	--
(f)	VISL									
(i)	Installation of Bloom Caster in SMS	Replacement of old ingot technology by continuous casting technology	84.90	=	=	24.00	Production of 1,25,000 tpa cast blooms	Feb '09	Jun'09	--
(G)	RMD									
(i)	Enhancement of loading capacity of Bolani Iron Ore Mine	For enhancing loading capacity and modification of Railway line, overhead electrical work and signaling & telecommunication for full rake (in one stretch) loading at both fines as well as Lump siding	124.88	=	=	60.00	Full rake loading	Dec'09	Feb'10	--
2.	RASHTRIYA ISPAT NIGAM LTD. (RINL)									
(i)	Coke Oven Battery No. 4 Phase-I	To meet the Coke requirements & gas balance, it is essential to have a replacement battery to maintain hot metal & liquid steel production at current levels even during capital repairs of other three coke oven batteries	355.00	=	=	10.00	To produce 0.75 Mt of coke	Sep'08	Apr'09	Battery-4 commissioned on 12.4.09 and under trial operations. Full capacity to be achieved after phase-II is implemented.
(ii)	Coke Oven Battery No. 4 Phase-II	Full utilization of gas and enhancing better realization of by-products by providing addl. by-product facilities and balancing facilities in coal handling	282.48	=	=	35.00	Increase in recovery of by products	Nov'09	May'10	Civil and structural works in progress. Major equipment is ordered.

(Rs. in crore)

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				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/now scheduled	
1	2	3	4	5	6	7	8	9	10	11
(iii)	Expansion to 6.3 Mtpa Liquid Steel	To increase the plant capacity	12228.00	=	=	1800.00	Enhance production of Liquid Steel to 6.3 Mtpa from present level of 3 Mtpa.	Mar'10	Stage-I Feb'10 Stage-II Jun'11	Major packages ordered and construction works in progress. Price escalation of plant & machinery leading to increase in the capital cost. Revised cost estimates submitted to GOI for Rs. 12228 cr.
(iv)	Air separation Plant	Additional facility to meet shortfall of Argon for combined blowing process. Oxygen produced is used in BF	323.00	=	=	50.00	2 nos. of 600 ton capacity at an estimated cost of Rs. 165 cr. each	July'09	AS-4 Jun'10 & AS-5 Dec'10	Main packages ordered. Detailed engg. is in progress. Agreement signed with M/s Air Liquid Engg. India (Hyd.) on 7.1.09. Equipment supply started from Feb'09.
(v)	Pulverised Coal Injection system for BF-I&BF-II	Injection system for reduction in consumption of expensive BF coke with less expensive pulverised coal	129.00	=	=	50.00	Increased production of hot metal. To reduce cost of production of hot metal.	July'09	Sep'09	Detailed engg. completed and civil work in progress and equipment supply started.
(vi)	Acquisition of iron ore Mine & coking coal mines	To achieve self-reliance for raw material and cost reduction.	600.00	=	=	20.00	RINL/VSP does not have captive source for coking coal/iron ore and outlay included to acquire mines	See col. 11	See col. 11	Persuading State Govts. for allotment of Iron Ore Mines and exploring possibilities of acquiring iron ore mines overseas. Two coking coal blocks allotted to RINL. Efforts are being made for finding suitable mining technology for economical mining.
(vii)	Facilities for Iron Ore Storage	To increase Iron Ore storage facility.	484.00	=	=	50.00	Shall increase iron ore storage facility to 30 days	Sep'09	Sep'10	Consultant appointed. Tendering process is in progress.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/ now scheduled	
1	2	3	4	5	6	7	8	9	10	11
(viii)	330 TPH (6 th) Boiler with Auxiliaries	To supplement steam requirement	323.00	=	=	<u>50.00</u>	Shall add addl. process steam to meet the requirements of expansion units	Dec'09	Aug'10	Detailed engg. is in progress. Civil and structural works are in progress.
(ix)	67.5 MW TG-5 Power Evacuation System	To meet addl. Power requirement	346.00	=	=	<u>50.00</u>	Shall generate partly the power requirements of expansion units.	Dec'09	Feb'11	Detailed engg. is in progress. Civil and structural works are in progress.
(x)	Strengthening of 220KV system of APTRANSCO	To strengthen AP Power Grid for transmission of power of 400 MVA	86.43	=	=	<u>50.00</u>	It enables to receive contracted demands of 400 KVA for RINL on expansion	Sep'12	See col. 11	APTRANSCO has started tendering.
(xi)	Augmentation of 220KV power system for receiving 400MVA power	Strengthening the internal systems of VSP like substations etc. to enable to receive 400MVA power to meet the expansion needs.	58.00	=	=	<u>65.00</u>	To augment to receive 400MVA power at VSP	--	--	--
(xii)	BF-I category-I repairs	To carry out the category-I capital repairs & enhance the volume to 3850 cum from the existing 3200 cum capacity	880.00	=	=	<u>50.00</u>	To increase the production by 0.5Mt from 2Mt to 2.5Mt of Hot Metal	21 months from LOI date	--	Detailed engg. completed and civil work in progress and equipment supply started.
(xiii)	Sinter plant productivity enhancement	To increase the production of sinter to support the increase in the volume of BF. This is to meet the present pollution control norms.	497.00	=	=	<u>20.00</u>	To increase the production from 5.5Mt to 6.8 Mt of sinter	By Mar'011	--	--
(xiv)	SMS converter Revamp.	To improve the reliability of the 3 converters as the existing estimated life is almost over. This is to meet the present pollution control norms.	180.00	=	=	<u>20.00</u>	Technological necessity to change the converters	One converter Mar'011 other two Mar'12	--	--

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/ now scheduled	
1	2	3	4	5	6	7	8	9	10	11
3.	<u>KIOCL Ltd.</u>									
(i)	Development of permanent railway siding at Mangalore	Magnetite Iron Ore concentrate not being available in the country and use of high grade hematite Iron ore from Bellary/Hospet is considered as one of the alternative sources on long term, as raw material for operation of Pellet Plant. Major portion of raw material is to be transported through rail. It is therefore proposed to develop a permanent railway siding at Mangalore.	55.00	==	==	<u>5.00</u>	<u>Handle receipt of 4mtpy iron ore at Mangalore</u>	See col. 11	New timelines will be fixed on obtaining necessary statutory clearance	The land dispute has been resolved and payment for additional land released. Registration and other formalities completed. Detailed Project Report from KRCL is expected shortly, thereafter, the proposal will be put up before the Board for approval. The new timelines will be fixed subsequently with necessary statutory clearance.
(ii)	Construction of Bulk Material Handling facilities for receipt of Iron ore by rail.	Since major portion of raw material is to be transported through rail, proposal is to construct bulk material handling facilities for receipt of iron ore assignment to KIOCL for its pellet and pig iron production.	60.00	==	==	<u>5.00</u>	<u>Supply of 4mtpy of iron ore for production of pellets</u>	See col. 11	New timelines will be fixed on obtaining necessary statutory clearance	Bulk Material Handling system through a closed conveyor system was planned next to proposed new Railway siding. As a result of the land dispute stated above this project also consequently got delayed. Once the DPR for permanent railway siding is complete, the project will be taken forward for approval. The new timelines will be fixed on obtaining necessary statutory clearance

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/ now scheduled	
				5	6	7		9	10	
(iii)	Ductile Iron Spun Pipe	To set up a plant for production of value added product i.e. ductile iron spun pipe	325.00	==	==	<u>100.00</u>	<u>Production of 1,00,000 tpa of DISP</u>	Jan'11	June'11	Due to global recession and in order to get competitive offer, the earlier tender was cancelled. The company has floated a fresh global tender on 9.2.09 for setting up DISP Plant at BFU, Mangalore. Three bids were received on due date i.e. 24.3.09. Techno-commercial discussions completed. On receipt of report from M/s MECON, price bid will be opened with necessary approval.
(iv)	Eco-Tourism development at Kudremukh	The objective of developing Eco Tourism facility in Kudremukh is to develop a community based and commercial oriented eco-tourism project	95.00	==	==	<u>2.00</u>	Development of Eco-tourism	See Col. 11	New timelines will be fixed subsequently	In view of the Hon'ble Supreme Court's verdict company has stopped Mining activity in Kudremukh with effect from 31.12.2005. Company has already an established infrastructure at Kudremukh in the form of Residential Houses, Hospital, Guest House etc. and is planned to venture into eco-tourism. In this direction, a study was conducted by Wild Ventures Pvt. Ltd. and they have recommended for Joint Venture with State Govt. This will enable the company to continue the lease at Kudremukh DPR preparation is expected to be completed by Aug'09 and timelines will be fixed subsequently.
(v)	Coke Oven Plant	Setting up of a Coke Oven Plant. This will improve the availability of coke at a cheaper price.	100.00	==	==	<u>1.00</u>	To reduce raw material cost	See Col. 11	See col. 11	Considering this high cost of coke being used at Blast Furnace, Company aims at establishing a Coke Oven Plant at Mangalore. This will reduce the raw material cost considerably. Process of preparation of DPR for Coke Oven plant under progress. DPR is expected to be ready by November, 2009.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/ now scheduled	
1	2	3	4	5	6	7	8	9	10	11
4.	<u>NMDC Ltd.</u>									
(i)	Bailadila Deposit 11B	To increase production of iron ore	295.89	=	=	<u>200.00</u>	Phase-I capacity of 3 MTPA	Oct'09	Mar'10	Works are in progress. Expected to be commissioned by March' 10
(ii)	Kumaraswamy Iron Ore Project	To increase production of iron ore	296.03	=	=	<u>15.00</u>	Phase-I capacity of 3 MTPA	Dec'09	See col. 11	High Court ordered for re-survey of lease boundaries. Start of the project depends on finalization of re-survey and execution of lease deed. Completion period shall be 33 months from zero date. However, MECON has been appointed as the consultant and tenders for Pkg-I&III have been floated. Tenders for other packages are under preparation.
5.	<u>MANGANESE ORE (INDIA) LIMITED (MOIL)</u>									
(i)	Joint Venture for Ferro Manganese/ Silico Manganese Plant	The project will be set up at Bhilai, as a Joint Venture with Steel Authority of India Ltd.	395.00	=	=	<u>50.00</u>	<u>The project will be producing Ferro Manganese/Silico Manganese to cater the needs of SAIL.</u>	2008-09	2009-10	The project will be taken up by JVC, wherein MOIL and SAIL will have 50% share holding each and the Project implementation will be carried out by JV Company.
6.	<u>HINDUSTAN STEELWORKS CONSTRUCTION LTD</u>									
(i)	Interest subsidy on term loan taken on VRS	To rationalize manpower through VRS	--	<u>55.48</u>	=	=	<u>To reduce the employee strength to 1021</u>	See Col. 11	See Col. 11	Employees strength has come down to 1248 on 1.4.2009.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Outlay 2009-10 (BE)			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/ now scheduled	
				5	6	7				
1	2	3	4	5	6	7	8	9	10	11
B.	Scheme of Ministry of Steel									
	Scheme for promotion of R&D in the Iron & Steel sector	To evolve a new scheme/ mechanism to promote and accelerate R&D for development of innovative/ path breaking and appropriate technologies for cost effective production of quality steel in an environment friendly manner.	118.00	=	<u>26.00</u>	=	See col. 3	2009-10	--	The scheme was formally approved for implementation by the Expenditure Finance Committee (EFC) on 22.11.2008 and finally approved by Finance Minister on 23.1.2009. As per approval, the scheme is to be affective from 1.4.2009.
SUB-TOTAL B				=	<u>26.00</u>	=				
C.	SCHEMES/PROGRAMMES WITH ESTIMATED/SANCTIONED COST LESS THAN RS. 50.00 CRORE									
(i)	Relating to PSUs									
	AMR Schemes, R&D, Township, Technological upgradation, Feasibility studies, implementation of VRS and various other ongoing and new schemes	For regular maintenance and upkeep of plant, equipments and machinery, cutting down of production cost, improvement in the quality of products, enhanced productivity, etc.	--	<u>12.89</u>	<u>8.00</u>	<u>2297.77</u>	--	--	--	These schemes are related to day to day functioning and operations of the PSUs. They are too numerous and varied in nature and not being major schemes have not been individually included in the Outcome Budget.
(ii)	Relating to the Ministry of Steel (Proper)									
	Secretariat of the Ministry, PAO (Steel), Office of DCI&S, KoLkata and Awards to Distinguished Metallurgists	To meet the administrative expenses of the Ministry of Steel	--	<u>20.64</u>	=	=	--	--	--	Not amenable to outcome budgeting
SUB-TOTAL - C			--	<u>33.53</u>	<u>8.00</u>	<u>2297.77</u>				
GRAND TOTAL - A + B + C			--	<u>89.01#</u>	<u>34.00</u>	<u>13722.66</u>				

On Gross basis. The Non-Plan budget for 2009-10(BE) after netting of receipts of Rs. 7.65 crore relating to waiver of guarantee fee provisions for HSCL & MECON Ltd would be **Rs. 81.36 crore.**

CHAPTER - III

REFORM MEASURES AND POLICY INITIATIVES

1. LIBERALISATION OF THE INDIAN STEEL SECTOR

The Indian steel sector was the first core sector to be completely freed from the licensing regime and pricing and distribution controls. This was done primarily because of the inherent strengths and capabilities demonstrated by the Indian iron and steel industry. The economic reforms and the consequent liberalization of the iron and steel sector which started in the early 1990s resulted in substantial growth in the steel industry and green field steel plants were set up in the private sector. Today, India is the fifth largest steel producing country in the world. This sector represents over Rs.90,000 crore of capital and directly provides employment to over 5 lakh people. The production of total finished steel (alloy + non-alloy) for sale during the year 2007-08 was 56.13 million tonnes with annual growth rate of 7% and during 2008-09 (Prov.) was at 56.42 million tonnes up by 0.6% over the previous year.

The important policy measures which have been taken over the years for the growth and development of the Indian iron and steel sector are as under:-

- (i) In the industrial policy announced in July 1991, iron and steel industry was removed from the list of industries reserved for the public sector and also exempted from the provisions of compulsory licensing under the Industries (Development and Regulation) Act, 1951.
- (ii) With effect from 24th May 1992, iron and steel industry was included in the list of 'high priority' industries for automatic approval for foreign equity investment up to 51%. This limit has since been increased to 100%.
- (iii) Pricing and distribution of steel were deregulated from January, 1992. At the same time, it was ensured that priority continued to be accorded for meeting the requirements of small-scale industries, exporters of engineering goods and North Eastern region, besides strategic sectors such as Defence and Railways.
- (iv) The import regime for iron and steel has undergone major liberalization moving gradually from a controlled import by way of import licensing, foreign exchange release, canalization and high import tariffs to total freeing of iron and steel imports from licensing, canalization and lowering of import duty levels. Export of iron and steel items has also been freely allowed.
 - (v) Duties on raw materials for steel production were reduced. These measures reduced the capital costs and production costs of steel plants.
- (vi) Freight equalization Scheme was withdrawn in January, 1992. However, with the coming up of new steel plants in different parts of the country, iron and steel products are freely available in the domestic market.

- (vii) Levy on account of Steel Development Fund was discontinued from April, 1994 thereby providing greater flexibility to main producers to respond to market forces.
- (viii) Import duties on key steel-making raw materials, including mineral products and ores and concentrates have seen significant reductions in successive budgets in last few years.
- (ix) Currently, the import duty on steel items is 5%. The import duty on raw materials like melting scrap, coking coal, metcoke is NIL and between 2% to 5% for other raw materials, such as Zinc, Iron Ore and Ferro Alloys. There is no export duty on any steel item.

2. NATIONAL STEEL POLICY, 2005

The progress of the steel industry has a critical influence on the pace of India's development and, as such, great importance is attached to capacity expansion in line with expected demand at cost and prices which make Indian steel internationally competitive. The existing regime of liberalization, decontrol and deregulation of industry in the country has opened up new opportunities for the expansion of the steel industry. With a view to accelerating the growth of the steel sector and attaining the vision of India becoming a developed economy by 2020, the Ministry of Steel formulated a **National Steel Policy (NSP)** in 2005. The following are some of the salient features of the NSP:-

- The NSP sets out a broad roadmap for the Indian Steel Industry in its journey towards reform, restructuring and globalisation.
- The long-term goal of the NSP is that India should have a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to achieve global competitiveness not only in terms of cost, quality and product-mix but also in terms of global benchmarks of efficiency and productivity.
- The NSP seeks to adopt a multi-pronged strategy to move towards the long-term policy goal. On the demand side, the strategy would be to create incremental demand through promotional efforts, creation of awareness and strengthening the delivery chain, particularly in rural areas. On the supply side, the strategy would be to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and encourage the creation of infrastructure such as roads, railways and ports.
- The NSP acknowledges the low per capita consumption of steel in the country, especially in the rural areas and the need to boost steel consumption to improve quality of life and help in meeting the growing aspirations of masses.
- The NSP seeks to support developing of risk-hedging instruments like futures and derivatives to contain price volatility in the steel market.
- The NSP seeks to strengthen the existing training and research facilities available to the domestic steel industry so as to provide suitable training programmes especially for the

secondary small-scale units and also to collect and analyse data on important parameters of the industry.

- The NSP seeks to mount aggressive R&D efforts to create manufacturing capability for special types of steel, substitute coking coal, use iron ore fines, develop new products suited to rural needs, enhance material and energy efficiency, utilize waste, and arrest environmental degradation.
- The NSP acknowledges the important role played by the secondary steel sector in providing employment, meeting local demand of steel in rural and semi-urban areas, and meeting the country's demand of some special products and seeks to endeavour to provide the necessary feedstock to these units at reasonable prices from major plants through the existing mechanism of State Small Industries Corporations.
- The NSP recognizes the fact that integration of the Indian steel industry with the global economy requires that the industry should be protected from unfair trade practices, which become common especially during periods of downturn. The NSP, therefore, envisages institution of mechanisms for import surveillance, and monitoring export subsidies in other countries.

3. Implementation of National Steel Policy, 2005

- As per projection made in the National Steel Policy, 2005, in order to become self reliant and globally competitive in the steel sector the country would require indigenous production of 110 million tonnes of steel by 2019-2020.
- Ministry of Steel, while reviewing the investment scenario in the steel sector has recently made an assessment that the steel production capacity in the country is likely to be 124.06 million tonnes by the year 2011-12.
- With a view to facilitate better coordination for speedy implementation of major steel investments in the country the Prime Minister has approved constitution of an Inter Ministerial Group (IMG) to monitor and coordinate issues concerning major steel investments in the country. The IMG is chaired by Secretary (Steel) with Secretaries of Department of Industrial Policy & Promotion, Department of Mines, Ministry of Environment & Forest, Ministry of Road Transport & Highways, Shipping, Member (Traffic) - Railway Board and Chief Secretaries of the concerned State Governments as its members.
- The broad Terms of Reference (TOR) of the IMG are to review and coordinate measures for early completion of major steel capacities and to address various problems concerning infrastructure, availability of raw materials, speedy environment clearance, availability of other resources such as land and water and issues concerning rehabilitation.

4. MAJOR INITIATIVES TAKEN BY THE MINISTRY OF STEEL

4.1 To achieve the objectives of the NSP, Ministry of Steel has taken the following major initiatives:-

(i) **Mega Expansion Plans of SAIL, RINL & NMDC Ltd.**

The Public Sector Undertakings- SAIL & RINL are in the midst of ambitious expansion plans. The expansion plans would increase the capacity of SAIL from 14.6 million tonnes per annum (2006-07) hot metal production to 26.2 million tonnes by 2010-11. SAIL is also planning to expand the capacity further to 60 million tonnes per annum by 2020.

In the case of RINL, the expansion plan would increase its capacity from the present level of 3 million tonnes of hot metal production per annum to 6.3 million tonnes by 2010-11 at an estimated cost of around Rs. 12,200 crore. RINL plans to enhance capacity to 16 million tonnes per annum by 2020. The Expansion plans of RINL are well underway.

NMDC Ltd. also plans to expand its present iron ore production capacity of 30 million tonnes to 50 million tonnes per annum by 2014-15 through capacity expansion of existing mines; opening of new mines; value addition into sponge iron, pellets and steel. NMDC has recently signed an MOU with Government of Chhattisgarh for setting up an integrated steel plant of 3 million tonne per annum capacity at Nagarnar in Chhattisgarh with an estimated cost of Rs. 16,000 crore approximately.

To address the likely problems arising out of the global meltdown, SAIL has set up five task forces to monitor- (i) production, (ii) its ongoing modernization projects, (iii) procurement of raw materials, (iv) monitoring import of coal & logistics; and (v) financial management. These task forces are expected to help the PSU in formulating strategies consistent with the existing market conditions

(ii) **Special Purpose Vehicle (SPV)**

The Special Purpose Vehicle (SPV) called 'International Coal Ventures Ltd (ICVL)' has been incorporated on 20.5.2009 with SAIL, RINL, CIL, NTPC & NMDC as promoter partners. ICVL will function as a Navaratna Company and is presently examining various proposals and from the point of view of suitability of coal, costs and logistics etc. The proposals include direct allocation of licenses (Greenfield opportunities), secondary sale through participation in bidding process in acquiring controlling/minority stakes, partnership/joint venture offers etc. ICVL is scouting for coal assets in countries such as Australia, Mozambique, USA, Canada and Indonesia.

(iii) Mergers/Acquisitions and Strategic alliances/Joint Ventures

To improve operational efficiency of steel units and to achieve synergy, a number of mergers/acquisitions/strategic alliance/Joint Ventures have taken place. Details of which are as under:-

- Merger of Kudremukh Iron and Steel Company (KISCO) with Kudremukh Iron Ore Company Limited (KIOCL).
- Merger of Sponge Iron India Limited (SIIL) with National Mineral Development Corporation Limited (NMDC Ltd.). The Govt. has approved merger of SIIL with NMDC Ltd. on 22.5.2008. The merger process is at an advanced stage and is likely to be completed soon.
- Merger of Bharat Refractories Limited(BRL) with Steel Authority Of India Limited (SAIL) has been approved by the Government on 24.4.2008. The merger process is expected to be completed soon.
- Draft Cabinet Note for revival of Hindustan Steelworks Construction Limited (HSCL) is being finalized in consultation with the Ministry of Finance.
- The revival and restructuring of MECON Ltd. was approved by the Government at a total cost of Rs. 100.72 crore in February, 2007. As a result of restructuring the company has registered profit of Rs. 39.52 crore during 2007-08.
- Proposal for acquisition of Neelachal Ispat Nigam Limited (NINL) by RINL is under consideration.
- The merger of Maharashtra Electroselt Limited (MEL) with Steel Authority of India Limited (SAIL) is in progress.
- A decision to acquire NISCO (A unit of Government of West Bengal) by Steel Authority Of India Limited (SAIL) has been taken. Modalities for acquiring it are in progress with the Government of West Bengal.
- Steel Authority Of India Limited has formed Joint Ventures/partnerships with private players in several areas. A JV has already been formed with M/s Jaypee Associates for setting up a 2.2 million tonne slag-based cement plant at Bhilai. A similar company at Bokaro for 2.1 million tonne has been formed. Another JV for a slag-based cement plant at Rourkela is also proposed.
- Joint Venture Company comprising Steel Authority of India Limited (SAIL) & Manganese Iron Ore Limited (MOIL) has been incorporated for setting up of Ferro-Manganese and Silico-Manganese plant at Nandini/Bhilai at an estimated cost of Rs. 400.00 crore.
- SAIL has formed a 50:50 JV Company by the name of 'S&T Mining Company Private Limited' with Tata Steel in September, 2008 for acquisition and development of coal blocks/mines. NMDC has signed a MoU with Chhatisgarh Mining Development Corporation to develop Baladila-4 and Baladila-13 mines as a Joint Venture.

(iv) Corporate Social Responsibility

Corporate Social Responsibility (CSR) has been identified as an important parameter in the MoUs drawn by all the PSUs with the Ministry for 2008-09 and CSR activities are being monitored closely by the Ministry. All profitable steel PSUs have made commitments to the cause of CSR and have earmarked at least 2% of their distributable surplus for CSR activities. The total budget allocated for CSR in respect of the PSUs for 2008-09 was Rs. 290.00 crore (Approx) against which Steel PSUs spent Rs. 245.00 crore during 2008-09 on CSR activities.

CSR activities focusing on environmental care, education, health care, cultural efflorescence and peripheral development, family welfare, social initiatives and other measures are underway in the PSUs. In view of the calamity brought in by the floods in UP, Bihar and Assam, some of the PSUs organized immediate relief measures in the affected states. All the main producers have been urged by the Ministry to adopt villages around their plant as part of their CSR activity and help develop the villages as model steel villages. Use of steel has been emphasized in items such as storage bins, bullock carts, school buildings, panchayat halls, health centre buildings, water tanks, waiting sheds etc. 167 villages are being developed into 'model steel villages' under CSR activities by SAIL, NMDC, RINL and MOIL.

(v) **Rural Distribution Network of Steel**

A decision was taken to have at least one dealer in each district in order to make available steel items to common man. In order to ensure the availability of commonly used items of steel in the rural areas across the country, SAIL and RINL are expanding their distribution networks at a fast pace. Preference for SC, ST and OBC are given while allotting District Level Dealerships. Further, common steel items have been made available in rural areas at the same price at which they are available in cities having stockyards. The cost of transportation from the stockyard to the dealer's location is borne by the steel PSUs. SAIL and RINL are expanding their distribution networks at a fast pace. By the end of 2008, SAIL had appointed 2136 dealers in 614 districts and RINL has appointed 134 dealers across the country.

(vi) **Encouraging Research & Development in Iron & Steel Sector**

The current level of investment in R&D in the Indian Steel Plants is less than 0.24% of their total turnover. In order to encourage R&D activities in Iron and Steel sector, Ministry of Steel is providing financial assistance under the existing Empowered Committee Mechanism from Steel Development Fund (SDF). So far 59 research projects, covering a cost of Rs.408.30 crore and with the SDF component of Rs.165.47 crore, have been initiated from public and private undertakings, research laboratories, educational and other promotional institutions. The research areas covered *inter alia* include beneficiation of ores, improvement in productivity development of new/quality products, development of human resources, reduction in energy consumption and pollution in Indian iron and steel plants. Some of these completed projects are already yielding benefits to the iron & steel industry.

In addition to the above, Planning Commission, Government of India, has approved a new scheme viz. "Scheme for Promotion of Research & Development in Iron & Steel Sector" for which an amount of Rs. 118 crore has been allocated for the 11th Five Year Plan period (2007-12). The scheme intends to focus on evolving path breaking and appropriate as well as environmental friendly technology for cost effective production of quality steel products in the country. The scheme was formally approved for implementation by the Expenditure Finance Committee (EFC) under Secretary (Steel) on 22.11.2008 and finally approved by Finance Minister on 23.1.2009. As per approval, the scheme is to be effective from 1.4.2009. Ministry of Steel is in the process of selection of specific R&D projects and agencies so as to start actual research work during 2009-10.

(vii) **Mandatory Quality Control Order on Selected Steel Products**

To make available quality steel to the consumers, the Department of Consumers Affairs in consultation with Ministry of Steel has notified 6 steel products used in housing, construction and other critical applications for Mandatory Quality Certification under the Bureau of Indian Standard Act 1986.

(viii) **Initiatives under Clean Development Mechanism (CDM)**

CDM is one of the flexible arrangements under Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC) to support the implementation of sustainable and environment friendly technologies. The Central Government has constituted the National CDM Authority (NCDMA) that accords Host Country Approval (HCA) to eligible projects. So far, 127 Iron & Steel projects have been accorded HCA in India. These projects will result in Green House Gas (GHG) abatement worth 99 million tonnes of CO₂ equivalent, resulting in generation of 99 million Certified Emission Reduction (till the year 2012) which can be traded in the international market for earning substantial foreign exchange. The companies as well as the nation will thus gain substantially.

(ix) **Towards higher utilization of on Iron Ore fines**

Mining of iron ore generates at least 50% fines in addition to lump ores that is used for iron making. Unless these fines are agglomerated these are either to be exported or will pile up causing environmental hazards. In the absence of adequate sintering and pelletisation capacities, steel plants mostly rely on lump ores and fines are normally exported. Development of sintering and pelletisation capacities through fiscal concession/incentives is therefore a concern. In view of this, Government is encouraging setting up of domestic pelletisation capacity. A detailed report on “Iron ore fines utilization in India” has been prepared through Economic Research Unit (ERU) and circulated to various stake holders. The report focused on domestic production as well as consumption of iron ore (both lumps and fines), export and constraints relating to fines utilization with policy recommendations for encouraging domestic usage of fines. As per this study, the share of fines in steel making in country is further likely to increase from 52.2% during 2005-06 to an estimated 69.5% by 2011-12 and further to about 72% by 2019-20. To encourage optimum utilisation of domestic iron ore fines, Ministry of Steel has recommended for fiscal and other measures for promotion of beneficiation and agglomeration (sintering & pelletisation) of iron ore in India.

(x) **Resolving Infrastructure Bottlenecks**

A Coordination Committee, consisting of representatives from steel industry, Ministry of Steel and Railway Board has been constituted to identify the major bottlenecks in railway facilities to the steel sector. A detailed report on “Adequacy of Infrastructure facility for the proposed expansion in steel capacity in the 11th Plan” has been prepared through Economic Research Unit (ERU). The report focused on infrastructure requirement in transport (railway, road and port), water resources and power to meet the proposed expansion in steel capacity with specific reference to Orissa, Jharkhand & Chhatisgarh.

(xi) **Infrastructure for movement of raw materials**

An MOU has been signed between Indian Railways, Government of Chhattisgarh, NMDC Ltd. and SAIL to construct a 235 km rail link from Dalli - Rajhara to Jagdalpur via Rawghat to provide connectivity to Rawghat and Dalli-Rajhara iron ore mines. The new railway line will facilitate the transportation of iron ore, minerals, steel, food and forest products.

(xii) **Joint Consultative Mechanism with Railways**

A Joint Consultative Mechanism has been constituted with representatives of the Ministry of Railways, Ministry of Steel and the steel industry (both public and private sector) to address their increased infrastructure needs in line with the National Steel Policy as well as the rationalization of freight class for transportation of steel items and raw materials such as iron ore and limestone.

(xiii) **Constitution of Expert Committee to study functioning of PSUs**

A committee has been constituted by the Ministry on 2.5.2009 under the chairmanship of Shri P. Ganeshan, Ex-CMD, KIOCL Ltd., to undertake a detailed study of the functioning of four PSUs i.e. KIOCL Ltd., MSTC, HSCIL and FSNL and to make recommendations for possible re-organization/merger with other companies with the objective of optimizing their operational efficiency and profitability. The committee will submit its report and recommendations to the Ministry within a period of two months from the date of commencement of the study.

(xiv) **Consumer Council Meeting**

To redress the problems faced by the consumers relating to supply/availability of steel products and other related issues, 22nd meeting of Consumer Council was held on 4.10.2008 under the Chairmanship of the then Hon'ble Steel Minister. Information relating to SAIL's Dealer Network and Warehouse Telephone Directory were distributed to the consumers.

(xv) **Fiscal Measures**

In order to ensure price stability of steel and steel based products a number of fiscal measure were adopted as given below:-

- Import Duty on all non-alloy steel, Zinc, Ferro-alloys and metcoke revised to 'Nil' from 5% w.e.f. 29.4.2008
- CVED on TMT bars and rounds modified to 'Nil' from 14% w.e.f. 29.4.2008
- Export Duty @ 15% imposed on 10.5.2008 on all flat products (HR, CR, GP/GC and pipe and tubes) withdrawn on 13.6.2008.
- Export duty @15% imposed on 10.5.2008 on Pig Iron, Sponge Iron, Scrap, Ingots and all categories of non-alloy semi finished steel.
- Export Duty @ 10% was imposed on long products such as bars, wire rods, angles etc., on 10.5.2008. This was later revised to 15% w.e.f. 13.6.2008.

- Ad-valorem export duty of 15% imposed on iron ore of all categories and grades w.e.f. 13.06.2008.
- Export duty on iron ore fines has been modified to 8% w.e.f. 7.11.2008.
- 5% import duty on pig iron, semi-finished, flat and long category of products w.e.f. 18.11.2008.

4.2 For empowerment of women, a Gender Budget Cell has been set up in the Ministry as per directions of the Ministry of Finance & Ministry of Women & Child Development with the aim to initiate steps for implementation of gender budgeting concept in the Ministry. The Ministry of Steel had no plan schemes to implement till 10th Plan. In the 11th Plan, a new scheme named '*Promotion of Research & Development in Iron & Steel Sector*' has been approved with a budgetary provision of Rs. 118.00 crore. However, the scheme is to be implemented during financial year 2009-10 as per the direction of Ministry of Finance.

5. RECOMMENDATIONS OF THE WORKING GROUP ON STEEL INDUSTRY

A Working Group on Steel Industry for the 11th Five Year Plan (2007-2012) was constituted by the Planning Commission in May, 2006 under the Chairmanship of Secretary, Ministry of Steel for making a critical assessment of the performance of iron and steel industry, examine major sectoral policy issues and concerns, estimate the potential demands and supply requirements during 11th Plan and to make policy recommendations for implementation. The Working Group submitted its final Report to the Planning Commission in December, 2006. Based on the observations and findings of the Working Group and in keeping with the spirit and objectives of the National Steel Policy, 2005, to make India globally competitive not only in terms of cost, quality and product mix but also in terms of global benchmarks of efficiency and productivity, the following major thrust areas in the 11th Five Year Plan have been identified where supportive measures need to be provided by the Government:-

➤ **Demand side management**

- Conscious promotion of steel usage by the producers of steel and the Institute of Steel Development and Growth (INSDAG) amongst architects, engineers, students and other technology practitioners and users of steel;
- Encouraging use of steel in bridges, crash barriers, and flyovers, industrial and other buildings and large-scale construction in general;
- Developing new grades and products for expanding the basket for steel applications;
- Improving steel availability and affordability.

➤ **Supply side management**

- Availability of Raw Materials like Iron ore, Coking/Non-Coking coal, Ferro Alloy etc.
- Development of infrastructure viz. Power, Railways, Highways, Ports & Costal Shipping
- Facilitating new investments

5.1 Environmental Management & Pollution Control

Environment protection in iron & steel plants is essentially linked to the technology adopted for iron & steel making, starting from the raw material to finished steel stage, and finally to the efficient disposal/re-use of generated bye-products and waste. Therefore, effective management of environment calls for an integrated approach covering the production process as also the environment surrounding the plant. In this connection, the industry and government should aim at zero waste /zero discharge.

Wastes, particularly solid wastes generated unavoidably, are to be converted into useful, value added by-products. In other words, “sustainable development” is to be practiced right from technology development and design stages. In future, it may be ensured that technologies, which are not “sustainable”, are not adopted for either expansion of existing plants or creation of new capacities. Towards these objectives, initiatives both at the level of the entrepreneurs and Government by way of suitable intervention are necessary.

5.2 Safety Measures

For improvement in the overall safety situation in the Iron & Steel industries in India following remedial measures need to be taken up:

- (i) Tightening the legal system so that any instance of violation of safety policy, whether by public sector or private sector, does not go unpenalised. The system of factory inspectorate, safety officers and legal framework has to be refurbished accordingly. There should be up-gradation in legal provisions to take care of changes in technologies / work environment so that loopholes are plugged as far as possible.
- (ii) OHS Management system as per ILO guidelines and OHSAS 18001 should be adopted in all plants.
- (iii) In India, many outdated technologies viz., twin hearth furnace, ingot making etc. are still being practiced in some steel plants. These processes are hazardous to personnel working there and need to be phased out immediately to improve safety in such plants. Apart from this, new technological development will also facilitate attainment of safe work environment.
- (iv) Fire modeling and hazard risk analysis should be done in all plants for better assessment of inherent risk/ hazard:

5.3 Institutional Framework for collection of data and dissemination of Information

There is an urgent need of reforms in the existing institutional mechanism for collection, validation, analysis and dissemination of data / information. Collection of data has become far more complex with deregulation of the Indian steel industry, especially information on capacity and production. Necessary legal provisions/ institutional framework are required to ensure building up of a reliable and effective data base to facilitate informed decision making by all the stake-holders, policy makers, firms, financial institutions and also the consumers. The existing institutions, namely, the Joint Plant Committee (JPC) and the Economic Research Unit (ERU), may be strengthened for this purpose.

Further, the existing institutions e.g., Joint Plant Committee (JPC), Economic Research Unit (ERU), Institute for Steel Development & Growth (INSDAG), National Institute of Secondary Steel Technology (NISST) and the Biju Patnaik National Steel Institute (BPNSI), need to be reoriented to be consistent with the changing realities of globalization. In this context, setting up of a multi-disciplinary organization along the lines of the International Iron & Steel Institute (IISI) in this country may also be considered.

6. RELATIVITY OF OUTCOME BUDGET WITH POLICY INITIATIVES

The ongoing schemes/ projects of the PSUs under the Ministry of Steel, and those proposed to be undertaken during the 11th Plan (2007-2012), like Capacity expansion, Technological upgradation, Acquisition/ development of iron ore & coking coal mines, R & D schemes, Installation of new slab caster, Rebuilding of Coke Oven battery, AMR schemes, etc. will increase the production capacity of plants, improve quality and product-mix and bring down the cost of production. The concept of outcome budgeting with its stress on making the conceptualization, design and implementation of schemes/ programmes 'outcome' oriented and requiring strong project/ programme formulation, appraisal capabilities and effective delivery systems, is expected to facilitate better utilization of physical assets and manpower, improve project management and implementation and ensure effective monitoring. The successful implementation of the schemes/ programmes of the PSUs will contribute towards the Indian steel sector achieving global competitiveness not only in terms of cost, quality and product-mix but also in terms of global benchmarks of efficiency and productivity, which are the goals and objectives envisaged in the National Steel Policy, 2005.

CHAPTER - IV

REVIEW OF PAST PERFORMANCE - OUTCOME BUDGET 2008-09

The Outcome Budget, 2008-09 was prepared in respect of both Plan & Non-Plan schemes/programmes of the Ministry of Steel. Ministry of Steel had no scheme to implement directly till 10th Plan (2002-07). In the 11th Plan (2007-12), a new scheme named 'Scheme for promotion of Research & Development in Iron and Steel Sector' was included with a budgetary provision of Rs. 118.00 crore. The scheme was formally approved for implementation on 23.1.2009. As per approval the scheme is to be effective from 1.4.2009.

The PSUs under the administrative control of the Ministry formulate and implement various schemes/ programmes related to their respective area of operations. The Plan schemes of the PSUs are components of their respective Annual Plans or Five Year Plans or of both, depending on the nature of the scheme. Since each PSU has several Plan schemes, most of which are related to the normal day to day functioning and operations of the company, it was felt that inclusion of all schemes of the PSUs in the Outcome Budget of Ministry of Steel would neither be practical nor commensurate with the objectives of outcome budgeting. A decision was, therefore, taken that only major Plan and Non-Plan schemes with sanctioned/estimated cost of more than Rs.50.00 crore be included in the Outcome Budget of Ministry of Steel. Based on this criterion, 52 Plan schemes (30 schemes of SAIL, 11 of RINL, 5 of KIOCL Ltd., 4 of NMDC Ltd., 1 of MOIL, 1 of Ministry of Steel) and 1 Non-Plan scheme in respect of HSCL were included in the Outcome Budget, 2008-09. The PSU-wise actual achievements (up to 31st March, 2009) vis-à-vis the intended outcomes indicated in the Outcome Budget, 2008-09 in respect of these 53 schemes with estimated/sanctioned cost more than Rs. 50.00 crore are given in the following table. It may be noted that since almost all the major schemes are still under various stages of implementation, a more meaningful and realistic assessment of the actual achievements is possible only upon completion of the schemes.

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/ Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/now scheduled	During Apr'08- Mar'09	Cumulative upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
A. SCHEMES WITH ESTIMATED/SANCTIONED COST MORE THAN 50.00 CRORE												
1.	<u>STEEL AUTHORITY OF INDIA LTD. (SAIL)</u>											
(a)	<u>Bhilai Steel Plant</u>											
(i)	Rebuilding of Coke Oven Battery-5	To improve production and to achieve latest pollution norms of MOEF.	219.04	50.00	50.00	Rebuilding with latest pollution norms of MOEF	July'07	Completion linked to requirement of coke in BFs	54.50	169.71	--	Erection completed in Dec'08. Completion linked to requirement of coke of BFs.
(ii)	Installation of Power supply facilities for 2x1250 tpd O ₂ Plant	Evacuation of power at 220 KV from Power plant-3 being constructed through NSPCL, a JV co. of NTPC & SAIL to meet the future power requirement of BSP.	62.00	30.00	25.00	Out of 500 MW, 280 MW is allocated for BSP	Sep'08	Feb'09	31.8	47.42	--	Completed
(iii)	Installation of Main Step Down Station (MSDS-V)	Evacuation of power at 220 KV from new Power plant-3 under construction through NSPCL, a JV co. of NTPC & SAIL to meet the future power requirement of BSP.	143.02	92.00	65.00	Out of 500 MW, 280 MW is allocated for BSP	Nov'08	Jun'09	75.61	104.49	--	--
(iv)	Installation of new Slab Caster, RH Degasser and Ladle Furnace	To produce value added/special quality of steel to augment capabilities to produce high quality plates and rails conforming to specifications for Indian Railways.	520.76	123.00	70.00	Additional casting of 0.165 mtpa. APIX65/X70 grade 3,00,000T	July'08	Jan'09	51.86	414.56	Casting of heats commenced on regular basis & 113 heats taken so far. Under stabilization	Completed

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/nor scheduled	During Apr'08-Mar'09	Cumulative upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(v)	Hot Metal desulphurization in SMS	Facilitate production of low sulphur steel to meet demand for high quality steel, particularly for application in off-shore, transport and structural sectors.	86.23	19.23	8.00	Reduction in sulphur level in Hot metal from 0.1% to 0.01%	Mar'08	Jan'08	7.62	58.86	Sulphur level achieved as envisaged.	Completed
(vi)	Thyristorisation of Plate Mill drives	Replacement of old and unreliable MG sets by modern thyristor converters with state-of-art digital control	53.52	25.00	18.00	Improvement in mill availability & saving in power consumption	Feb'09	May'09	30.94	33.63	--	--
(vii)	700tpd ASU at Oxygen Plant-II	New ASU being installed in Oxygen Plant-II to meet the increasing requirement of O ² , N ₂ & argon.	244.30	60.00	10.00	700 tonne per day of O ²	Jul'09	May'11	17.15	19.99	--	Contract terminated with M/s Cryogen mesh re-tendered. Fresh contract signed.
(viii)	End forging Plant	For converting end profile thick web rails to profile of stock rails, needed by Indian Railways for manufacture of heavy haulage/high speed tracks and for the proposed freight corridor.	53.52	30.00	45.00	Production of rails for making heavy duty switches for heavy haulage/high speed tracks.	Nov'08	Mar'09	47.69	47.99	--	Completed
(b)	<u>Durgapur Steel Plant</u>											
(i)	Coal Dust Injection in BF-3&4	Technical necessity for reduction in coke rate and improvement of the furnace productivity.	74.22	16.97	10.00	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm	Apr'08	Oct'08	9.76	54.6	Injection rate of 72 kg/THM achieved.	Completed

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/now scheduled	During Apr'08-Mar'09	Cumulative upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(c)	Rourkela Steel Plant											
(i)	Rebuilding of Coke Oven Battery-4	To improve production and to achieve latest pollution norms of MOEF.	248.94	103.00	50.00	Rebuilding with latest pollution norms of MOEF	Aug'09	Aug'09	45.86	73.79	--	--
(ii)	Hot Metal desulphurization in SMS-II	Facilitate production of low sulphur steel to meet demand for high quality steel, particularly for application in off-shore, transport and structural sectors.	52.39	25.00	10.00	Reduction in sulphur level in Hot metal from 0.1% to 0.01%	May'08	Apr'08	14.01	49.14	--	Completed
(iii)	Installation of Pipe Coating Plant	Supply pipes, mainly to the hydrocarbon sector, in the coated condition.	68.27	45.00	39.00	60,000 tpa capacity with outer dia of pipes ranging from 8" to 42"	Aug'08	Sep'08	31.22	53.28	--	Completed
(iv)	Coal Dust Injection System in BF-4	Technical necessity for reduction in coke rate and improvement of the furnace productivity.	70.71	50.00	35.00	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm	Oct'08	Sep'09	31.03	41.12	--	Initial delay in design & engineering by M/s Sino Steel, China. Delay in civil & strl work and supply of equipment by M/s Sino Steel.
(v)	Upgrading of Turbo Blower No. 5 in CPP-1	For meeting the high top pressure requirement of BF-4 and also meeting air requirement of other BFs in case of shutdown/non-availability of other Turbo Blowers.	54.05	43.00	25.00	Capacity of discharge volume of 1,63,000 Nm ³ /hr at a pressure of 2.3 Kg/cm ²	Jan'09	Jul'09	11.66	13.53	--	--

No.	Name of Scheme/Programme	Objective/ Outcome	Estimated/ Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/ Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/ now scheduled	During Apr'08-Mar'09	Cumulative upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(vi)	New Coke Oven Gas Holder	New Coke Oven Gas Holder as a replacement to maintain adequate pressure in the gas grid.	123.22	51.00	40.00	100,000M3 capacity	Jun'09	Jun'09	35.92	61.38	--	--
(vii)	700tpd Oxygen Plant	New Oxygen Plant to meet increasing requirement of oxygen, nitrogen & argon.	302.70	128.00	93.00	700 tonne per day capacity	Jun'09	Dec'09	75.08	93.08	--	--
(viii)	Simultaneous Blowing of BOF Converters of SMS-II	For enhancing the production capacity of SMS-II	197.66	20.00	45.00	Enhancing production from 1.68 mtpa to 1.85 mtpa	Oct'09	Oct'09	27.21	27.21	--	--
(d)	<u>Bokaro Steel Plant</u>											
(i)	Modification/Revamping of Maewest Block System and Housing Machining in Hot Strip Mill.	To improve overall quality as well as production of hot strips and to ensure smooth functioning of Hot Strip Mill.	91.86	15.00	12.00	Technical necessity to avoid repeated breakdowns and to improve the overall quality of product.	May'08	Jul'08	10.98	80.06	Benefits achieved as envisaged	Completed
(ii)	Air Turbo-Compressor (ATC) and Oxygen Turbo-Compressor (OTC) at Oxygen Plant	Technical necessity for maintaining health of equipment and output of Oxygen Plant on a sustainable basis in future.	81.76	20.00	32.00	ATC capacity 90,000 Nm3/hr and OTC capacity 15,000 Nm3/hr	July'08	May'09 (ATC)	29.44	53.26	--	Delay in handling over of site as Cylinder Filling Station could not be relocated due to operational requirement.
(iii)	Coal Dust Injection System in BF - 2&3	Technical necessity for reduction in coke rate & improvement of the furnace productivity.	133.92	90.00	30.00	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm	July'08	Oct'09	30.97	72.22	--	- Relocation of Coal Handling & Storage site delayed due to finalization of site for SMS-3 under Expansion Plan. - Delay in fabrication & erection of structures by M/s SCEPC & Techpro.

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/nowscheduled	During Apr'08-Mar'09	Cumulative upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iv)	Coking Coal Storage Facilities in Coal Handling Plant	Augmentation of storage facilities of coking coal in Coal Handling.	134.32	70.00	50.00	Increase in Storage capacity from 115,000T to 202,500T	Oct'08	May'09	58.25	99.58	--	- Delay in design engineering and supply of equipment by M/s BHEL. - Delay in civil work by M/s BSBK.
(v)	Installation of 2 nd Ladle Furnace in SMS-II	To facilitate production of value added steels, especially steel grades with low sulphur content, reduction in return heats, savings in oxygen consumption & ferro alloys, besides creating a buffer station for longer sequence at casters & flexibility in operation.	96.96	76.00	30.00	Production of value added steels, improvement in lining life of converters.	Sep'08	Oct'09	34.05	48.80	--	- Delay in design engineering & equipment ordering by M/s VAI and M/s Siemens. -Lackof resource mobilization by M/s HSCL & KCC leading to delay in civil work.
(vi)	Replacement of Battery Cyclones with ESPs in Sinter Plant	Replacement of Battery Cyclones by Electrostatic Precipitators to meet statutory requirement of emission level of outlet dust as per norm of Central Pollution Control Board.	80.60	30.00	15.00	6 no. of ESPs of capacity 900,000 M3/hr to control emission level of outlet dust at 150mg/Nm3	Aug'10	Aug'10	19.57	19.57	--	--
(vii)	Installation of new Turbo Blower NO. 8	To meet the enhanced cold blast (CB) requirement of BF-2	105.33	40.00	10.00	CB at blower discharge vol. of 4000 Nm3/min and discharge pressure of 3.9 kg/cm2 at blower end.	Aug'09	See col. 13	5.42	5.42	--	Contract with M/s Roselectropom terminated. Retendered under finalization.
(viii)	Upgradation of BF-2	To increase the useful working volume and productivity	892.32	100.0	62.00	Useful volume will increase from 1758 to 2259m3 and productivity will be 2t/m3/day	Aug'09	Mar'10	213.84	248.04	--	Shut down of BF-2 deferred due to capital repair of BF-3.
(ix)	Rebuilding of COB-1&2	To improve production & achieve latest pollution norms of MOEF.	500.90	15.00	50.00	Improve production & achieve latest pollution norms of MOEF.	Apr'10	Dec'10	57.70	57.70	--	Jul'10 – COB31 Oct'10 – COB#2 Contractual sch. 27 months from date of site handover.

(Rs. in crore)

No.	Name of Scheme/ Programme	Objective/Outcome	Estimated/ Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/ Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/ now sch.	During Apr'08- Mar'09	Cum. upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(e)	<u>IISCO Steel Plant</u>											
(i)	Rebuilding of Coke Oven Battery-10	To improve production and to achieve latest pollution norms of MOEF	416.50	60.00	100.00	Rebuilding with latest pollution norms of MOEF	Sep'09	Mar'10	111.20	134.61	--	--
(ii)	Expansion of ISP	To install a new stream of facilities to produce 2.7 MTPA hot metal, 2.5 MTPA crude steel & 2.37 MTPA saleable steel.	16073.94	961.00	980.00	2.7 MTPA hot metal, 2.5 MTPA crude steel & 2.37 MTPA saleable steel	May'10	Jul'10	1576.89	2145.28	--	--
(f)	<u>Salem Steel Plant</u>											
(i)	Expansion of SSP	To create steel making facilities with continuous casting & new CRM	2138.00	200.00	690.00	To increase crude steel prod. from nil to 0.18 MT & saleable steel from 0.18 MT to 0.34 MT	Mar'10	Mar'10	485.59	524.40	--	--
(g)	<u>VISL</u>											
(i)	Installation of Bloom Caster in SMS	Replacement of old ingot technology by continuous casting technology	84.90	40.00	44.00	Production of 1,25,000tpa cast blooms	Feb'09	Jun'09	41.63	42.05	--	--
2.	<u>RASHTRIYA ISPAT NIGAM LTD. (RINL)</u>											
(i)	Coke Oven Battery No. 4 Phase-I	To meet the coke requirements and gas balance, it is essential to have a replacement battery to maintain hot metal & liquid steel production at current levels even during capital repairs of other coke oven batteries	355.00	20.00	28.00	To produce 0.75 Mt of coke	Sep'08	Apr'09	24.52	305.90	To use COB-4 as a replacement battery.	Battery-4 commissioned on 12.4.09 & under trial operations. Full capacity to be achieved after phase-II is implemented.
(ii)	Coke Oven Battery No. 4 Phase-II	Full utilization of gas and enhancing better realization of by products by providing addl. by product facilities and balancing facilities in coal handling.	282.48	80.00	25.00	Increase in recovery of by products	Nov'09	May'10	15.12	15.28	Increase in recovery of by products	Civil and structural works in progress major equipment is ordered.
(iii)	Expansion of 6.3 MTPA Liquid Steel	To increase the plant capacity	12228.00	3000.00	2500.00	Enhanced production of liquid steel to 6.3 Mtpa from present level of 3Mtpa	Mar'10	Stage-I Feb'10 Stage-II June'11	2640.77	4043.31	Increased production. Enhancing production of liquid steel to 6.3 Mtpa of liquid steel	Major packages ordered and construction works in progress. Price escalation of plant & machinery leading to increase in capital cost. Revised cost estimates submitted to GOI for Rs. 12228 cr. against approved cost of Rs. 8692 cr.

(Rs. in crore)

No.	Name of Scheme/ Programme	Objective/Outcome	Estimated/ Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/ Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/ now scheduled	During Apr'08- Mar'09	Cum. upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iv)	Air separation Plant	Additional facility to meet shortfall of argon for combined blowing process. Oxygen produced is used in BF.	323.00	50.00	10.00	2 nos of 600 ton capacity at an estimated cost of about Rs. 162 crore each.	July'09	AS-4 Jun'10 & AS-5 Dec'10	3.61	3.61	Will help in increasing production of liquid steel in SMS and hot metal in BF.	Main packages ordered. Detailed engg. is in progress. Agreement signed with M/s. Air Liquid Engg. India (Hyd) on 7.1.09. Equipment supply started from Feb'09.
(v)	Pulverised Coal Injection system for BF-I&II	Injection system for reduction in consumption of expensive BF coke with less expensive pulverized coal.	129.00	60.00	10.00	Increased production of hot metal. To reduce cost of production of hot metal	July'09	Sep'09	0.74	0.74	--	Detailed engg. completed and civil work in progress and equipment supply started.
(vi)	Acquisition of iron ore mine & coking coal mines	To achieve self-reliance for raw material and cost reduction.	600.00	60.00	0.00	RIN/VSP does not have captive source for coking coal/iron ore and outlay included to acquire mines.	See col. 13	See col. 13	0.00	0.25	--	Persuading state Govts. For allotment of iron ore mines and exploring possibilities of acquiring iron ore mines overseas. Two coking coal blocks allotted to RINL. Efforts are being made for finding suitable mining technology for economical mining.
(vii)	Waste Water Treatment Facilities	Zero water discharge	114.85	80.00	0.00	Water recovered/conserved reused from the 3 nos. outlets of the plant shall be 1050 cum/hr.	See col. 13	See col. 13	--	--	--	Merged with 6.3 Mtpa expansion scheme.
(viii)	Facilities for Iron Ore Storage	To increase iron storage facility	484.00	300.00	5.00	Shall increase iron ore storage facility to 30 days	Sep'09	Sep'10	0.00	0.00	--	Consultant appointed. Tendering process is in progress.
(ix)	330 TPH (6 th) Boiler with Auxiliaries	To supplement steam requirement	323.00	145.00	50.00	Shall add addl process steam to meet the requirements of expansion units	Dec'09	Aug'10	30.61	50.93	To supplement steam requirements for expansion and help in generation of power	Detailed engg. is in progress. Civil and structural works are in progress.
(x)	67.5 MW TG-5 Power Evacuation System	To meet addl. power requirement	346.00	145.00	50.00	Shall generate partly the power requirements of expansion units	Dec'09	Feb'11	31.86	51.33	To meet continuous power requirement	Detailed engg. is in progress. Civil and structural works are in progress.
(xi)	30 MW Wind Farm Project	To set up 30 MW and energy project at suitable location	169.50	85.00	0.00	To generate 30 MW renewable wind energy	Aug'09	See col. 13	0.00	0.00	--	Project deferred

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/ Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/now scheduled	During Apr'08-Mar'09	Cum. upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
3.	KIOCL Ltd.											
(i)	Development of Permanent Railway siding at Mangalore	Magnetite Iron Ore concentrate not being available in the country and use of high grade hematite Iron ore from Bellary/Hospet is considered as one of the alternative sources on long term, as raw material for operation of Pellet Plant. Major portion of raw material is to be transported through rail. It is therefore proposed to develop a permanent railway siding at Mangalore.	55.00	5.00	0.00	Handle receipt of 4 mtpy iron ore at Mangalore	See col. 13	New timelines will be fixed on obtaining necessary statutory clearance	--	--	See col. 13	The land dispute has been resolved and payment for additional land released. Registration and other formalities completed. Detailed Project Report from KRCL is expected shortly, thereafter, the proposal will be put up before the Board for approval. The new timelines will be fixed on obtaining necessary statutory clearance
(ii)	Construction of Bulk Material Handling facilities for receipt of iron ore by rail	Since major portion of raw material is to be transported through rail. Proposal is to construct bulk material handling facilities for receipt of iron ore assignment to KIOCL for its Pellet and Pig Iron production	60.00	5.00	0.00	Supply of 4mtpy of iron ore for production of pellets	See col. 13	New timelines will be fixed on obtaining necessary statutory clearance	--	--	See col. 13	Bulk Material Handling system through a closed conveyor system was planned next to proposed new Railway siding. As a result of the land dispute stated above this project also consequently got delayed. Once the DPR for permanent railway siding is complete, the project will be taken forward for approval. The new timelines will be fixed subsequently with necessary statutory clearance.

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/ Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/ Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/now scheduled	During Apr'08- Mar'09	Cum. upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iii)	Ductile Iron Spun Pipe	To set up a plant for production of value added product i.e. ductile iron spun pipe.	325.00	30.00	30.00	Production of 1,00,000 tpa of DISP	Jan'11	Jun'11	--	--	See col. 13	Due to global recession and in order to get competitive offer, the earlier tender was cancelled. The company has floated a fresh global tender on 9.2.09 for setting up DISP Plant at BFU, Mangalore. Three bids were received on due date i.e. 24.3.09. Techno-commercial discussions completed. On receipt of report from M/s MECON, price bid will be opened with necessary approval.
(iv)	Eco-Tourism development at Kudremukh	The objective of developing Eco-Tourism facility in Kudremukh is to develop a community based and commercial oriented eco-tourism project	95.00	10.00	0.00	Development of eco-tourism	See col. 13	New timelines will be fixed subsequently	--	--	See col. 13	In view of the Hon'ble Supreme Court's verdict company has stopped Mining activity in Kudremukh with effect from 31.12.05. Company has already an established infrastructure at Kudremukh in the form of Residential Houses, Hospital, Guest House etc. and is planned to venture into eco-tourism. In this direction, a study was conducted by Wild Ventures Pvt. Ltd. and they have recommended for JV with State Govt. This will enable the company to continue the lease at Kudremukh. DPR preparation is expected to be completed by Aug'09 and timelines will be fixed subsequently.

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/ Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/now scheduled	During Apr'08-Mar'09	Cum. upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(v)	Coke Oven Plant	Setting up of a Coke Oven Plant. This will improve the availability of coke at a cheaper price	100.00	10.00	0.00	To reduce raw material cost	See col. 13	See col. 13	--	--	See col. 13	Considering the high cost of coke being used at Blast Furnace, company aims at establishing a Coke Oven Plant at Mangalore. This will reduce the raw material cost considerably. Process of preparation of DPR for Coke Oven Plant under progress. DPR is expected to be ready by Nov'09.
4.	NMDC Ltd											
(i)	Bailadila Deposit-11B	To increase production of Iron ore	295.89	110.00	100.00	Phase-I capacity of 3MTPA	Oct'09	Mar'10	115.58	157.85	--	Works are in progress. Expected to be commissioned by Mar'10.
(ii)	Kumaraswamy Iron Ore Project	To increase production of Iron ore	296.03	3.00	2.80	Phase-I capacity of 3MTPA	Dec'09	See col. 13	3.03	3.99	--	High Court ordered for re-survey of lease boundaries. Start of the project depends on finalization of re-survey and execution of lease deed. Completion period shall be 33 months from zero date. However, MECON has been appointed as the consultant and tenders for Pkg-I&III have been floated. Tenders for other packages are under preparation.

(Rs. in crore)

No.	Name of Scheme/Programme	Objective/Outcome	Estimated/Sanctioned cost	Outlay 2008-09		Quantifiable Deliverables/ Physical Outputs	Processes/Timelines		Actual Expenditure		Achievement w.r.t Projected Outcomes (Col. 7)	Remarks/Risk Factors
				BE	RE		Original	Actual/nw scheduled	During Apr'08-Mar'09	Cum. upto Mar'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iii)	Sponge Iron & 10MW Power Plant – Nagarnar	To produce sponge iron & generate power	79.00	15.00	0.20	1 LTPA of Sponge Iron & 10 MW Power generation	Sep'09	See col. 13	0.95	2.52	--	The works are kept in abeyance. Plan to set up 3 MTPA steel plant is on.
(iv)	Wind Mill in Karnataka	To achieve self sufficiency in electrical energy	110.00	50.00	50.00	10 MW Power Generation	Sep'08	See col. 13	55.36	55.36	--	Project completed. 9MW (6 machines) commissioned in Sep'08 and balance (1 machine) of 1.5MW commissioned in Mar'09.
5.	MANGANESE ORE (INDIA) LIMITED (MOIL)											
(i)	Joint Venture for Ferro Manganese/Silico Manganese Plant	The project will be set up at Bhilai, as a joint venture with Steel Authority of India Limited	395.00	74.00	20.00	The project will be producing Ferro Manganese 31000MT and Silico Manganese 75000MT to cater the needs of SAIL.	2008-09	2009-10	--	0.10	--	The project will be taken up by JVC, wherein MOIL and SAIL will have 50% share holding each and the Project implementation on will be carried out by JV co.
6.	HINDUSTAN STEELWORKS CONSTRUCTION LTD. (HSCL)											
(i)	Interest subsidy on term loan taken for VRS	To rationalize manpower through VRS	--	56.02 (Non-Plan)	56.00 (Non-Plan)	To reduce the employee strength from 1660 to 1280.	See col. 12	See col. 12	48.85	--	Employee strength has come down to 1248 on 1.4.2009	--
B.	Scheme of Ministry of Steel											
	Scheme for promotion of R&D in the Iron & Steel sector	To evolve a new scheme/ mechanism to promote and accelerate R&D for development of innovative/ path breaking and appropriate technologies for cost effective production of quality steel in an environment friendly manner.	118.00	18.50	18.50	See col. 3	2009-10	--	--	--	--	The scheme was formally approved for implementation by the Expenditure Finance Committee (EFC) on 22.11.08 and finally approved by Finance Minister on 23.1.09. As per approval, the scheme is to be affective from 1.4.09.

CHAPTER - V

FINANCIAL REVIEW

For the year 2009-2010, Demand No. 91 will be presented to the Parliament on behalf of the Ministry of Steel during the Budget Session. The Demand includes provisions for Non-Plan expenditure for the Ministry proper and its attached/subordinate offices and Plan and Non-Plan expenditure of the Public Sector Undertakings (PSUs) under its administrative control.

1. TOTAL REQUIREMENT OF FUNDS FOR 2009-10

The total financial requirements covered in Demand No. 91 for BE 2009-10, along with Budget Estimates and Revised Estimates for 2008-09, are summarized in the following Table :-

(Rs. in Crore)

Demand No. 91 for 2009-2010	BE 2008-09			RE 2008-09			BE 2009-10		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
REVENUE SECTION	18.50	85.52	104.02	18.49	488.61	507.10	26.00	89.01	115.01
CAPITAL SECTION	15.50	0.00	15.50	7.51	260.04	267.55	8.00	0.00	8.00
Total	34.00	85.52	119.52	26.00	748.65	774.65	34.00	89.01	123.01

2. NON-PLAN EXPENDITURE

The Non-Plan expenditure of Ministry of Steel, including Secretariat Proper, PAO (Steel), Development Commissioner for Iron & Steel (DCI&S), Kolkata and the PSUs under this Ministry, in 2008-09 (BE & RE) and 2009-10 (BE) are given in the following table :-

(Rs. in crore)

	Major Head & Item of Expenditure	BE 2008-09	RE 2008-09	BE 2009-10
I.	<u>MH – 3451</u>			
1.	Secretariat - Economic Services	13.91	16.31	19.71
II.	<u>MH – 2852</u>			
2.	Development Commissioner for Iron & Steel, Kolkata	1.58	0.93	0.81
3.	Awards to Distinguished Metallurgists.	0.12	0.12	0.12
4.	Interest Subsidy :			
(i)	Subsidy to Hindustan Steelworks Construction Ltd. (HSCL) for payment of interest on loans raised from Banks for implementation of VRS	56.02	56.00	55.48
(ii)	Subsidy to MECON Ltd. for payment of interest on loans raised from banks for implementation of VRS	5.60	5.60	5.24

(Rs. in crore)

	Major Head & Item of Expenditure	BE 2008-09	RE 2008-09	BE 2009-10
5.	Waiver of guarantee fee (Non-cash transaction) :			
(i)	HSCCL – Waiver of guarantee fee in respect of Govt. guarantee for cash credit (CC) limit, bank guarantee (BG) and VRS loans	6.10	6.10	6.10
(ii)	BRL – Waiver of guarantee fee in respect of Govt. guarantee for BG, CC limit and loan for working capital requirements	0.54	0.40	0.00
(iii)	MECON Ltd. – Waiver of guarantee fee in respect of Govt. guarantee for VRS loans/ bonds	1.65	1.65	1.55
	<i>Less – Receipts netted [(i) to (iii)] #</i>	-8.29	-8.15	-7.65
6.	Financial restructuring of BRL following its merger with SAIL			
(i)	Write off of Non-plan loans	0.00	175.46	0.00
(ii)	Write down of equity	0.00	226.04	0.00
	<i>Less-Receipts netted (i) & (ii)#</i>	0.00	-401.50	0.00
III.	MH-4852			
7.	Issue of Bonus shares by NMDC Ltd.	0.00	260.04	0.00
	Total : Non- Plan Expenditure(Net of receipts)	77.23	339.00	81.36
	Total : Non- Plan Expenditure(Gross)	85.52	748.65	89.01

As per the advice of Ministry of Finance, provisions relating to waiver of guarantee fee are to be netted.

The Non-Plan provision (Gross) of the Ministry in RE 2008-09 exceeded the Non-Plan BE 2008-09 (on gross basis) by Rs. 663.13 crore. Almost the entire additional provision in RE, obtained in the third & final batch of Supplementary Demands for Grants for 2008-09, was required & utilized for the following:-

- **Rs.401.50 crore** for carrying out accounting adjustments viz. Write off of Non-Plan loans (Rs.175.46 crore) and Write down of equity (Rs.226.04 crore) in respect of BRL, as per the approved financial restructuring of the company following its merger with SAIL; and
- **Rs.260.04 crore** for bonus shares issued by NMDC Ltd. in May, 2008. (As this expenditure was matched by Capital Receipts of equivalent amount, there was no cash outgo.)

3. PLAN EXPENDITURE

Plan budgetary provision kept in the Ministry's budget is directed towards :

- (i) providing budgetary support to some of the financially weak and loss making PSUs under the Ministry of Steel for implementation of their AMR and other capital schemes; and
- (ii) funding the new scheme for promotion of R&D in the iron & steel sector to be implemented by the Ministry during the 11th Plan.

Based on the recommendation of the Working Group on Steel Industry for 11th Plan (2007-12), a new scheme i.e. 'Scheme for Promotion of R&D in Iron and Steel Sector' was included in the 11th Five Year Plan with an outlay of Rs. 118.00 crore. The objective of the scheme is to evolve a mechanism to promote and accelerate R&D for development of innovative and appropriate technologies for cost effective production of

quality steel in an environment friendly manner. The scheme has been approved for implementation on 23.1.2009. As per the approval, the scheme is to be implemented with effect from 1.4.2009.

While the total Plan budgetary support of Rs.34.00 crore in BE 2008-09 was reduced to 26.00 crore in RE 2008-09, budgetary support of Rs.34.00 crore has been provided in BE 2009-10. The details of Plan provisions are given in the table below:

(Rs. in crore)					
Sl. No	Name of Organisation/ PSU	Scheme	Plan BS 2008-09 (BE)	Plan BS 2008-09 (RE)	Plan BS 2009-10 (BE)
1.	Bharat Refractories Ltd.	(i) Plan loan for AMR Schemes	8.00	0.00	0.00
		(ii) Token provision conversion of loan into equity	0.00	0.01	0.00
2.	Hindustan Steelworks Construction Ltd.	(i) Plan loan for capital repair and procurement of construction equipments & machinery	6.50	6.50	7.00
3.	Bird Group	Plan loan for Addition, Modification & Replacement (AMR) Schemes	1.00	1.00	1.00
4.	Ministry of Steel	Grants-in-aid for the scheme for promotion of R&D in the Iron & Steel sector	18.50	18.49	26.00
Total			34.00	26.00	34.00

4. ACTUAL EXPENDITURE – 2005-06 TO 2008-09

The actual Plan and Non-Plan expenditure (Gross) under the Ministry's grant during the preceding three years vis-à-vis the BE and RE for the respective years, are summarized in the table below:

Year	BE			RE			Actual Expenditure		
	Non-Plan	Plan	Total	Non-Plan	Plan	Total	Non-Plan	Plan	Total
2008-09	85.52	34.00	119.52	748.65	26.00	774.65	740.82 ⁽¹⁾	0.00	740.82
2007-08	84.50	66.00	150.50	88.05	66.00	154.05	81.05	70.00 ⁽²⁾	154.05
2006-07	84.50	45.00	129.50	137.00	45.00	182.00	359.86 ⁽³⁾	45.72 ⁽⁴⁾	405.58
2005-06	74.53	15.00	89.53	84.50	15.00	99.50	77.15	15.00	92.15

- (1) Includes (i) accounting adjustments of Rs. 401.50 crore viz. Write off of Non-Plan loans (Rs.175.46 crore) and Write down of equity (Rs.226.04 crore) in respect of BRL, as per the approved financial restructuring of the company following its merger with SAIL and (ii) Rs. 260.04 crore for bonus share by NMDC in May, 2008 (As this expenditure was matched by Capital Receipts of equivalent amount, there was no cash outgo.)
- (2) This includes Rs. 7.00 crore 'Capital Investment' in BRL approved in the 3rd and final Supplementary Grants for 2007-08.
- (3) Includes (i) accounting adjustment of Rs.70.22 crore pertaining to waiver of penal guarantee fee due from SAIL and (ii) grants-in-aid to HSCL of Rs.164.03 crore for payment of outstanding income tax dues, provision for which was obtained in the third and final batch of supplementary grants for 2006-07.
- (4) Includes provision of Rs.1.72 cr. towards conversion of outstanding interest on Govt. loans into equity, provision for which was obtained in the third and final batch of supplementary grants for 2006-07.

5. ANNUAL PLAN OUTLAY FOR 2009-10

Based on the Annual Plan, 2009-10 proposals of the PSUs under the administrative control of Ministry of Steel and the discussions held with the Planning Commission, and within the overall context of the 11th Five Year Plan (2007-2012), the following plan outlay for 2009-10 (BE) for Ministry of Steel has been approved by the Planning Commission:

(Rs. in crore)

(a)	Gross Budgetary Support	34.00
(b)	Internal & Extra Budgetary Resources (I&EBR)	13722.66
Total Outlay (a+b) of Ministry of Steel		13756.66

PSU-wise Plan outlays for Annual Plan 2008-09 (BE & RE) and Annual Plan, 2009-10 (BE) is given in the table below:

(Rs. in crore)

Name of the PSU/ Organisation	BE 2008-09			RE 2008-09			BE 2009-10		
	Outlay	IEBR	B.S.	Outlay	IEBR	B.S.	Outlay	IEBR	B.S.
A. Schemes of PSUs									
1. SAIL	4674.00	4674.00	0.00	4674.00	4674.00	0.00	10356.00	10356.00	0.00
2. RINL	4166.00	4166.00	0.00	2815.50	2815.50	0.00	2437.00	2437.00	0.00
3. SAIL	5.00	5.00	0.00	1.04	1.04	0.00	0.00*	0.00	0.00
4. HSCL	6.50	0.00	6.50	6.50	0.00	6.50	7.00	0.00	7.00
5. MECON	0.00	0.00	0.00	16.92	16.92	0.00	2.00	2.00	0.00
6. BRL	8.00	0.00	8.00	8.00	8.00	0.00	8.00	8.00	0.00
7. MSTC	5.00	5.00	0.00	11.00	11.00	0.00	5.00	5.00	0.00
8. FSNL	11.80	11.80	0.00	11.80	11.80	0.00	11.80	11.80	0.00
9. NMDC Ltd.	400.00	400.00	0.00	400.00	400.00	0.00	700.00	700.00	0.00
10. KIOCL Ltd.	100.00	100.00	0.00	40.00	40.00	0.00	85.00	85.00	0.00
11. MOIL	117.20	117.20	0.00	84.90	84.90	0.00	102.25	102.25	0.00
12. Bird Group	31.00	30.00	1.00	3.66	2.66	1.00	16.61	15.61	1.00
13. Scheme for promotion of R&D in Iron & Steel sector	18.50	0.00	18.50	18.50	0.00	18.50	26.00	0.00	26.00
TOTAL - A	9543.00	9509.00	34.00	8091.82	8065.82	26.00	13756.66	13722.66	34.00
B. Centrally Sponsored Schemes (CSS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL - B	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL - A + B	9543.00	9509.00	34.00	8091.82	8065.82	26.00	13756.66	13722.66	34.00

* No Plan outlay in respect of SAIL due to its merger with NMDC Ltd.

Note :- Ministry of Steel has been exempted from earmarking 10% of its Budget for the North-Eastern Region, including Sikkim.

Brief description of the PSU-wise outlays provided in BE 2009-2010 for various schemes of the PSUs are given below:-

1. Out of the total outlay of **Rs.13,756.66 crore** in Annual Plan 2009-10 (BE), an amount of **Rs.10,356.00 crore** has been provided for **Steel Authority of India Limited (SAIL)**, which will be met out of its Internal & Extra Budgetary Resources (I&EBR). The broad details of outlay provided for various schemes of SAIL are as under:-

(i) Outlay of *Rs.1506.00 crore* has been provided for **Bhilai Steel Plant**. Major portion (Rs.1100 crore) of the total outlay is for modernization and expansion the Plant. Balance outlay is for schemes like Re-building of Coke Oven Battery (COB) No.5 & 6, Installation of Slab Caster, Main Step Down Station – 5, 700 TPD Oxygen Plant and other ongoing and new schemes.

(ii) Outlay of *Rs.650.00 crore* has been provided for **Durgapur Steel Plant**, of which Rs.500 crore is earmarked for expansion of the Plant. Other schemes covered under the outlay include Bloom Caster with associated facilities, Coal Dust Injection in BF- 3 & 4 and expenditure relating to Steel Processing Unit at Srinagar.

(iii) An amount of *Rs.1900.00 crore* has been provided for **Rourkela Steel Plant**. Major scheme included in the outlay is expansion of RSP (Rs.1400 crore). Other schemes are Rebuilding of COB No.4, 700 TPD Oxygen Plant, Simultaneous blowing of BOF Converters of SMS-II, etc.

(iv) An outlay of *Rs.1500.00 crore* for **Bokaro Steel Plant** has been provided for expenditure on expansion of Bokaro Plant (Rs.600 crore), Rebuilding of COB No.1 & 2, Installation of TB in Turbo Blower station, Upgradation of BF – 2 and other ongoing and new schemes.

(v) Outlay of *Rs.40.00 crore* for **Alloy Steels Plant** is for several completed and ongoing schemes costing less than Rs.20 crore.

(vi) Outlay of *Rs.3340.00 crores* for **IISCO Steel Plant** is for Expansion of ISP (Rs.3100 crore), Rebuilding of COB No.10 (Rs.180 crore) and balance amount is for other ongoing and new schemes.

(vii) Outlay of *Rs.1020.00 crore* has been allocated for **Salem Steel Plant**. Major portion of the outlay is for Expansion of SSP (Rs.1002 crore) and the remaining amount is for small value miscellaneous schemes.

(viii) Remaining outlay of *Rs.400.00 crore* have been provided for Visvesvaraya Iron & Steel Ltd. (Rs.80 crore), Central Units of SAIL (Rs.60 crore), Raw Materials Division (Rs.250 crore) and Maharashtra Electrosmelt Ltd. (Rs.10 crore) for various ongoing and new schemes/ projects and research work.

2. An outlay of ***Rs.2437.00 crore*** has been provided for **Rashtriya Ispat Nigam Ltd.** Major portion of this outlay amounting to Rs.1800.00 crore is earmarked for expansion of RINL's production capacity to 6.3 million tonnes. Balance outlay is for AMR schemes, Coke Oven Battery No. 4 (Phase-I & II), Air Separation Plant, BF-1 category – 1 repair, Pulverized Coal Injection, Iron ore storage facilities, power evacuation system, etc. Entire outlay will be met from I&EBR of the company.

3. No outlay has been proposed for **Sponge Iron India Ltd.** in 2009-10 as Govt. of India has approved merger of SIIL with NMDC Ltd. on 22.5.2008. The merger process is at an advanced stage and is likely to be completed soon.
4. Outlay of **Rs.7.00 crore** as Plan budgetary support has been provided for **Hindustan Steelworks Construction Ltd.** for capital repair and procurement of new construction equipments & machinery.
5. Outlay of **Rs.8.00 crore** for **Bharat Refractories Ltd.** has been provided for AMR Schemes. The outlay will be met from I&EBR of the company.
6. An outlay of **Rs.700.00 crore**, to be met from I&EBR of the company, has been provided for **NMDC Ltd.** (formerly *National Mineral Development Corporation*). Plan outlay has been made for schemes/ projects like Bailadila Deposit-11B, Windmill in Karnataka, 3 million tonne Steel Plant in Chattisgarh, AMR/Township, Expansion of SIIL, R&D schemes, etc.
7. Outlay of **Rs.85.00 crore** has been provided for **KIOCL Ltd.**, of which Rs.50 crore is for AMR schemes (including P filters). Other schemes included in the outlay are Ductile Iron Spun Pipe Plant, infrastructure for receipt of iron ore by rail at Mangalore, R&D/feasibility studies, Eco Town development at Kudremukh, Coal Injection System in BF, etc. Outlay is being met from I&EBR of the company.
8. Outlay of **Rs.102.25 crore** for **Manganese Ore (India) Ltd.** has been provided for investment in joint venture for Ferro Manganese/ Silico Manganese Plant (Rs.50 crore), sinking of new vertical shaft at Gumgaon Mine, AMR schemes, township, R&D/feasibility studies etc. Entire outlay will be met from I&EBR of the company.
9. Outlay of **Rs.16.61 crore** for **Bird Group of Companies** is for Afforestation & Lease matters, Mineral & Ore based industries and AMR schemes. Except for Rs.1.00 crore to be provided as Plan budgetary support., outlay will be met from I&EBR of the company
10. Outlay of **Rs.2.00 crore** for **MECON Ltd.**, to be met from the company's I&EBR, is for renovation and expansion of office space/ guest house at various locations.
11. Outlay of **Rs. 5.00 crore**, to be met out of I&EBR, has been provided for **MSTC Ltd.** for setting up a Joint Venture for Logistics.
12. Outlay of **Rs.11.80 crore** provided for **Ferro Scrap Nigam Ltd.**, to be met out of the company's I&EBR, is for AMR schemes.

6. PLAN OUTLAY AND ACTUAL EXPENDITURE DURING THE FIRST TWO YEARS (i.e. 2007-08 & 2008-09) OF 11TH FIVE YEAR PLAN

A. Plan outlay vis-à-vis expenditure during 2007-08

PSU-wise Plan outlays for Annual Plan 2007-08 (BE&RE) and actual expenditure is given in the table below:

(Rs.in crore)

Name of the PSU/ Organisation	BE 2007-08			RE 2007-08			Actual Expenditure		
	IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
A. Schemes of PSUs									
1. SAIL	2641.00	0.00	2641.00	2007.00	0.00	2007.00	2181.00	0.00	2181.00
2. RINL	3056.70	0.00	3056.70	1861.15	0.00	1861.15	1309.18	0.00	1309.18
3. SIIL	5.00	0.00	5.00	5.00	0.00	5.00	3.32	0.00	3.32
4. HSCL	0.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00	0.00
5. MECON	3.00	63.00	66.00	0.00	63.00	63.00	0.00	63.00	63.00
6. BRL	0.00	1.00	1.00	0.00	1.00	1.00	0.00	7.00	7.00
7. MSTC	5.00	0.00	5.00	13.60	0.00	13.60	6.54	0.00	6.54
8. FSNL	12.00	0.00	12.00	12.00	0.00	12.00	13.20	0.00	13.20
9. NMDC Ltd.	250.00	0.00	250.00	150.00	0.00	150.00	134.34	0.00	134.34
10. KIOCL Ltd.	75.00	0.00	75.00	45.00	0.00	45.00	7.25	0.00	7.25
11. MOIL	65.00	0.00	65.00	140.06	0.00	140.06	90.85	0.00	90.85
12. Bird Group	25.00	0.00	25.00	26.00	0.00	26.00	15.35	0.00	15.35
TOTAL - A	6137.70	65.00	6202.70	4259.81	65.00	4324.81	3761.03	70.00	3831.03
B. Scheme of Ministry of Steel									
1. Scheme for promotion of R&D in Iron & Steel sector	0.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00	0.00
TOTAL - B	0.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00	0.00
GRAND TOTAL – A + B	6137.70	66.00	6203.70	4259.81	66.00	4325.81	3761.03	70.00	3831.03

B. Plan outlay vis-à-vis expenditure during 2008-09

PSU-wise Plan outlays for Annual Plan 2008-09 (BE&RE) and actual expenditure is given in the table below:

(Rs.in crore)

Name of the PSU/ Organisation	BE 2008-09			RE 2008-09			Actual Expenditure		
	IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
A. Schemes of PSUs									
1. SAIL	4674.00	0.00	4674.00	4674.00	0.00	4674.00	5233.00	0.00	5233.00
2. RINL	4166.00	0.00	4166.00	2815.50	0.00	2815.50	2886.02	0.00	2886.02
3. SIIL	5.00	0.00	5.00	1.04	0.00	1.04	1.04	0.00	1.04
4. HSCL	0.00	6.50	6.50	0.00	6.50	6.50	0.00	0.00	0.00
5. MECON	0.00	0.00	0.00	16.92	0.00	16.92	0.00	0.00	0.00
6. BRL	0.00	8.00	8.00	8.00	0.00	8.00	3.33	0.00	3.33
7. MSTC	5.00	0.00	5.00	11.00	0.00	11.00	5.91	0.00	5.91
8. FSNL	11.80	0.00	11.80	11.80	0.00	11.80	11.06	0.00	11.06
9. NMDC Ltd.	400.00	0.00	400.00	400.00	0.00	400.00	335.66	0.00	335.66
10. KIOCL Ltd.	100.00	0.00	100.00	40.00	0.00	40.00	2.70	0.00	2.70
11. MOIL	117.20	0.00	117.20	84.90	0.00	84.90	46.80	0.00	46.80
12. Bird Group	30.00	1.00	31.00	2.66	1.00	3.66	0.34	0.00	0.34
TOTAL - A	9509.00	15.50	9524.50	8065.82	7.50	8073.32	8525.86	0.00	8525.86
B. Scheme of Ministry of Steel									
1. Scheme for promotion of R&D in Iron & Steel sector	0.00	18.50	18.50	0.00	18.50	18.50	0.00	0.00	0.00
TOTAL - B	9509.00	34.00	9543.00	8065.82	26.00	8091.82	8525.86	0.00	8525.86
GRAND TOTAL: A + B	9509.00	34.00	9543.00	8065.82	26.00	8091.82	8526.86	0.00	8526.86

As may be seen from the above that the utilization of plan funds during the first two years i.e. 2007-08 & 2008-09 has increased distinctly. During 2007-08 the percentage of utilization of funds was 61.75% while in 2008-09 this increased to 89.35%.

7. STATUS OF OUTSTANDING UTILISATION CERTIFICATES

Except for some of the financially weak PSUs under the administrative control of Ministry of Steel, no budgetary support/ grants-in-aid is provided by the Ministry to any other organization or institution in the public or private sector. As on 31.3.2009, no utilization certificates are pending in respect of budgetary support (Plan & Non-Plan) released to the PSUs under the Ministry.

8. STATUS OF UNSPENT BALANCES

Ministry of Steel provides need-based budgetary support to some of the financially weak PSUs under its administrative control. The status of unspent balances with the PSUs, as on 31.3.2009, is given below:

(Rs. in crore)

Unspent balance at the end of 2007-08 i.e. as on 31.3.2008	Amount released during 2008-09 (April'08 – March'09)	Amount utilized during 2008-09 (April'08 – March'09)	Unspent balance as on 31.3.2009
3.68	57.04	60.72	0.00

Note: Expenditure relating to waiver / write-off of guarantee fees are not included in the above statement as these are only accounting adjustments and do not involve any cash outgo.

There is no unspent balance with the PSUs under Ministry of Steel as on 31.3.2009.

CHAPTER VI**PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS UNDER THE MINISTRY OF STEEL****1. STEEL AUTHORITY OF INDIA LTD. (SAIL)**

1.1 Steel Authority of India Ltd. (SAIL) has the following plants/units under its overall control:

- (i) Bhilai Steel Plant (BSP)
- (ii) Durgapur Steel Plant (DSP)
- (iii) Rourkela Steel Plant (RSP)
- (iv) Bokaro Steel Plant (BSL)
- (v) IISCO Steel Plant (ISP)
- (vi) Alloy Steels Plant (ASP)
- (vii) Salem Steel Plant (SSP)
- (viii) Visvesvaraya Iron & Steel Plant (VISL)
- (ix) Raw Materials Division (RMD)
- (x) Central Marketing Organisation (CMO)
- (xi) Research & Development Centre for Iron & Steel (RDCIS)
- (xii) Centre for Engineering & Technology (CET)
- (xiii) Corporate Office (CO)

In addition, SAIL also has a subsidiary namely '*Maharashtra Elektros melt Limited (MEL)*' in which SAIL holds 99.12% share capital. MEL's Plant is situated at Chandrapur (Maharashtra) and engaged in the production of Ferro-Alloys.

1.2 The Authorized Capital of SAIL is Rs.5000.00 crore. The paid-up capital is Rs.4130.40 crore, of which Rs.3544.69 crore (85.82%) is held by the Govt. of India and the balance by the financial institutions, GDR holders, banks, employees, etc.

1.3 PHYSICAL PERFORMANCE

(in '000 tonnes)

No	Item	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09			2009-10 BE
					BE	RE	Actual (Upto Mar'09)	
(i)	Hot Metal	14603	14606	15199	16459	14380	14442	13520
(ii)	Crude Steel	13470	13506	13962	15043	13395	13411	12949
(iii)	Saleable Steel	12051	12581	13044	13692	12000	12503	11750
(iv)	Pig Iron	579	509	441	1060	238	267	86

1.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09			2009-10 (BE)
					BE	RE	Actual (Upto Mar'09)	
(i)	Income	34839	41419	48278	40704	50579	53718	40515
(ii)	Operating Cost	27458	30453	35323	35299	41365	42776	36488
(iii)	Gross Margin	7381	10966	12955	5405	9214	10942	4028
(iv)	Profit before Tax	5706	9423	11469	3551	7509	9403	1707
(v)	Profit after Tax	4013	6202	7537	2336	5180	6175	1095
(vi)	Dividend paid/ proposed of which:	826	1280	1528	826	1036	1074	826
	Dividend paid/ proposed to the Govt. of India	709	1099	1312	709	889	922	709

1.5 Following the end of recession in the Steel sector in 2002-03, the financial performance of SAIL has been quite impressive in the subsequent years. Turnover went up by 101% to Rs. 48,681 crore in 2008-09 (best ever) over 2003-04 level of Rs. 24,178 crore. Profit Before Tax (PBT) increased by 258% to Rs. 9403 crore in 2008-09 from Rs. 2628 crore in 2003-04. Payment of dividend started after a gap of six years in 2004-05 and Rs. 6072 crore dividend has been paid by SAIL during 2004-05 to 2008-09, of which Rs. 5211 crore was paid to the Government of India. The company continued its thrust on better fund management. This included replacement of high cost short term loans with low cost debts, strategic parking of surplus funds with scheduled banks, actions for future fund raising etc. to meet our growth objectives. M/s FITCH Ratings and M/s CARE, RBI approved credit rating agencies have assigned "AAA" rating indicating the highest safety, to SAIL's long term borrowing programme. The company had liquid assets of Rs. 17714 crore as on 31st March, 2009, invested in short term deposits with scheduled banks, is considering borrowings of Rs. 7539 crore and maintained its virtual debt free status. It has also attained the debt equity ratio of 0.27:1 as on 31.3.2009 against 1.87:1 as on 31.3.2004.

SAIL is in the midst of ambitious expansion plans to increase its capacity from 14.6 million tonnes per annum (2006-07) hot metal production to 26.2 million tonnes by 2010-11. SAIL is also planning to expand the capacity further to 60 million tonnes per annum by 2020.

2. RASHTRIYA ISPAT NIGAM LIMITED (RINL)

2.1 Visakhapatnam Steel Plant (VSP) is the first shore based integrated steel plant set up in India. The plant was commissioned in August, 1992 with a capacity to produce 3 million tonnes per annum of liquid steel. The plant has been built to match international standards in design and engineering with the state-of-the-art technology, incorporating extensive energy saving and pollution control measures.

Government of India accorded its approval on 28th October, 2005 for expansion of the capacity of the Company from the existing level of 3 million tonnes per annum of

Liquid Steel capacity to 6.3 million tonnes per annum at an estimated cost of Rs.8692.00 crore (base June, 2005 prices). The completion schedule was 36 months for Stage-1, 45 months for Special Bar Mill and 48 months for Light Structural Mill. The project is expected to be fully implemented by December, 2011. The estimated cost has been revised to Rs. 12,200 crore. The entire cost of the project would be met from the internal resources (1:1 ratio of Debt: Equity) and there would be no budgetary support from the Government. The company has also drawn its Corporate Plan aiming to reach 16 million tonnes by 2019-20.

RINL has also proposed for acquisition of Neelachal Ispat Nigam Limited (NINL). The proposal is under consideration.

2.2 The company's capital structure as on 31.3.2009 comprises of Rs.4889.85 crore of Equity capital and Rs.2937.47 crore of 7% Non-Cumulative redeemable preference share capital. The entire shares are held by the Govt. of India.

2.3 PHYSICAL PERFORMANCE

(in '000 tonnes)

No.	Item	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09		2009-10 (BE)
					BE/RE	Actual	
(i)	Hot Metal	4153	4046	3913	3950	3546	3690
(ii)	Liquid Steel	3603	3606	3322	3450	3145	3250
(iii)	Saleable Steel	3237	3290	3075	3080	2701	3080
(iv)	Pig Iron	439	352	495	403	322	352

2.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09		2009-10 (BE)
					BE/RE	Actual (Prov.)	
(i)	Income	8873.67	9787.78	11680.61	11100.43	12276.59	10324.47
(ii)	Operating Cost	6504.81	7154.90	8165.68	8810.13	9963.42	9617.75
(iii)	Gross Margin	2368.86	2632.88	3514.93	2290.00	2313.17	706.71
(iv)	Profit (Loss) before Tax	1889.51	2222.34	2995.36	1958.09	1984.39	401.71
(v)	Profit (Loss) after Tax	1252.37	1363.43	1942.74	1285.14	1307.76	260.75
(vi)	Dividend paid/ proposed of which: Dividend paid/ proposed to the Govt. of India	(see note below)					

Note:- Board of Directors resolved to pay dividend @ 7% on preference share capital and 10% of PAT for the year 2008-09 to equity share holders. This will be paid in the year 2009-10.

2.5 The company has been operating much above its rated capacities and there is no shortfall in financial performance as compared to the corresponding MoU targets. However, global melt down is deeply affecting the market steeply reducing the prices. This is severely eroding profitability and also resulting in losses in recent months. The company does not have captive mines of core raw materials like Iron Ore and Coking Coal. Increasing prices of Iron ore and coking coal in the recent past have reduced

RINL's competitiveness vis-à-vis other companies having greater control over these resources. RINL is taking measures to control inventory level and to reduce possible losses.

3. SPONGE IRON INDIA LIMITED (SIIL)

3.1 SIIL came into existence after the successful operation of the 30,000 tpa Demonstration Sponge Iron Plant, set up with the participation of Govt. of India and Government of Andhra Pradesh and assistance of UNIDO/UNDP, for production of sponge iron based on solid reduction process of iron/ iron ore and 100% non-coking coal. 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. This has not only helped SIIL in developing technology but also paved way for the development of sponge iron industry in the country.

3.2 The Authorized Capital of the company is Rs.66.00 crore and Paid - up capital is Rs.65.10 crore, of which Government of India holds 98.78% share and the balance is held by Govt. of Andhra Pradesh.

3.3 Government of India has approved on 22.5.2008, the merger of SIIL with NMDC Ltd. The merger process is at an advanced stage and is likely to be completed soon.

An amount of Rs. 320.00 crore has been earmarked by NMDC Ltd. to invest in expansion of 2 sponge iron units of 1,00,000 TPY capacity each.

3.4 PHYSICAL PERFORMANCE

Sl. No.	Item	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09			2009-10 (BE)
					BE	RE	Actual (upto Mar'09)	
(i)	Sponge Iron Production	48302	55194	43331	54000	28090	30489	**
(ii)	Sponge Iron Sales	48215	54670	44447	54000	19896	25235	

3.5 FINANCIAL PERFORMANCE

Sl. No.	Item	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09			2009-10 (BE)
					BE	RE	Actual (upto Mar'09)	
(i)	Income	48.18	56.32	59.15	62.10	48.53	50.76	**
(ii)	Operating Cost	42.52	50.31	49.27	57.56	47.21	49.49	
(iii)	Gross Margin	6.92	7.27	11.31	6.04	2.76	2.71	
(iv)	Profit (Loss) before Tax	5.66	6.29	9.88	4.54	1.32	1.20	
(v)	Profit (Loss) after Tax	3.18	4.02	6.47	1.54	0.87	0.84	
(vi)	Dividend paid/proposed to the Govt. of India	0.64	0.80	0.80	0.60	0.20	0.25	

** The Government has approved merger of SIIL with NMDC Ltd. on 22.5.2008. The merger process is at an advanced stage and is likely to be completed soon.

Non availability of quality raw material in required quantity and depressed market conditions resulted in low physical/financial performance of SIIL during 2008-09.

4. HINDUSTAN STEELWORKS CONSTRUCTION LIMITED (HSCL)

4.1 HSCL, with its registered office at Kolkata, 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 steel plants. The company has constructed steel plants at Bokaro, Vizag and Salem right from inception till commissioning and modernization/ expansion of steel plants at Bhilai, Durgapur, Burnpur (IISCO) and Bhadravati steel plant. With the tapering of construction activities in steel plants, the company took up activities in other sectors like power, coal, oil and gas. Besides this, the company diversified in to 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. Today, HSCL is an ISO 9001-2000 company and its capabilities cover almost every field of construction activity.

4.2 As on 1.4.2009, the Authorised and Paid-up share capital of the company is Rs.150 crore and Rs.117.10 crore respectively. All the shares are held by the Govt. of India.

4.3 PHYSICAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Order Booking	430.00	781.00	940.00	600.00	600.00	871.00	650.00

4.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	349.80	433.33	526.18	550.00	554.00	695.70	650.00
(ii)	Operating Cost	318.84	403.16	485.97	511.50	511.00	644.38	605.00
(iii)	Gross Margin (PBIDT)	30.96	30.17	40.21	38.50	43.00	51.32	45.00
(iv)	Profit (Loss) before Tax	-85.97	-83.50	-26.72	-80.70	-33.35	-17.59	-54.83
(v)	Profit (Loss) after Tax	-85.97	-83.50	-26.72	-80.70	-33.35	-17.59	-54.83
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil	Nil	Nil	Nil

4.5 The company has been unable to achieve the results envisaged under the revival/ restructuring package approved by the Govt. in 1999 due to mounting interest liability on Govt. of India loans and VRS expenditure charged to accounts. Steep competition faced by the company, resulting in declining margin, has also affected its financial performance.

4.6 HSCL's overall performance, despite an adverse and un-bankable balance sheet, has been noteworthy. Its turnover has been increasing and during the last five years, the

company has been registering operational profits which has increased from Rs. 30.17 crore in 2006-07 to Rs. 51.32 crore in 2008-09. Presently, a proposal for restructuring of HSCL is under consideration of the Government.

5. BHARAT REFRACTORIES LIMITED (BRL)

5.1 BRL, incorporated on 22nd July, 1974 and with registered office at Bokaro, has the following four units :

- (i) Bhandaridah Refractories Plant (BhRP), Jharkhand
- (ii) Ranch Road Refractories Plant (RRRP), Jharkhand
- (iii) Bhilai Refractories Plant (BRP), Chattisgarh
- (iv) IFICO Refractories Plant (IFICO RP), Jharkhand

The company is engaged in the manufacture of refractory bricks and masses and supplies mainly to Public Sector steel plants. It has technical know-how agreement with several world reputed refractory products/ research organisation including Shinagawa Refractories Co. of Japan and Plibrico of France.

5.2 The authorised share capital of the company is Rs.246.00 crore, against which the paid up capital, as on 31.3.2009, is Rs. 236.79 crore.

5.3 PHYSICAL PERFORMANCE

[Quantity in MT]

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Production	81679	88793	90951	95000	95000	95595	95000
(ii)	Despatch	79316	87785	87811	95000	95000	94286	95000

5.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Income	174.47	211.97	226.62	185.13	213.75	248.02	229.52
(ii)	Operating Cost	159.03	204.43	212.34	173.13	195.75	230.57	216.52
(iii)	Gross Margin	15.44	7.54	14.28	12.00	18.00	17.45	13.00
(iv)	Profit (Loss) before Tax	-7.07	-15.31	4.67	-6.85	-6.60	8.73	-3.53
(v)	Profit (Loss) after Tax	-7.07	-15.31	4.43	-6.85	-6.85	8.55	-3.53
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil	Nil	Nil	Nil

5.5 BRL is one of the two loss making PSU (the other being HSCL) under the Ministry of Steel. The company's performance has been adversely affected by lack of modernization, high costs of production due to low capacity utilization and high interest burden on Government of India loans.

BRL was referred to BIFR in 1992. Revival/ restructuring packages were sanctioned for the company in 1996-97 and 2002-03. The Government on 24.4.2008 has

approved the financial restructuring of BRL and its merger with SAIL. The merger process is expected to be completed soon.

6. MECON LTD.

6.1 MECON Ltd. is the first consultancy and engineering organisation in the country to be accredited with ISO: 9001-2000 and registered with the World Bank, Asian Development Bank, European Bank of Reconstruction and Development and United Nations Industrial Development Organisation and has wide exposure and infrastructure for carrying out engineering, consultancy and project management services for mega projects of different types. In view of the cyclic demand/ investments in the steel sector over the past several years, the company has diversified its activities into other sectors of the economy, especially Oil & Gas, Power and Infrastructure. MECON is one of the leading multi - disciplinary design, engineering, consultancy and contracting organization 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. The company has collaboration agreements with leading firms from USA, Germany, France, Italy, Russia, etc. in various fields.

6.2 The authorised share capital of the company is Rs. 104.00 crore against which the paid up capital is Rs.103.14 crore. All the shares are held by the Govt. of India.

6.3 PHYSICAL PERFORMANCE

As MECON is a consultancy organisation, it is not possible to give the physical performance of the company.

6.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09			2009-10 (BE)
					BE	RE	Actual (Prov.)	
(i)	Income	295.11	396.62	504.15	444.50	574.00	614.66	515.10
(ii)	Operating Cost	246.13	345.82	438.78	389.91	486.00	528.46	439.10
(iii)	Gross Margin	48.98	50.80	65.37	54.59	88.00	86.20	76.00
(iv)	Profit (Loss) before Tax	19.27	23.38	39.53	32.71	70.10	74.76	64.50
(v)	Profit (Loss) after Tax	16.12	20.38	33.32	26.71	61.10	65.88	55.00
(vi)	Dividend paid/proposed	Nil	Nil	1.00	3.15	3.15	3.15	3.15
	<i>of which:</i>							
	Dividend proposed to the Govt. of India	Nil	Nil	1.00	3.15	3.15	3.15	3.15

6.5 MECON recorded consistent profits till 1997-98. Due to recessionary trend in the steel sector, excess manpower and reduction in value of consultancy assignments to the company, it incurred losses from 1998-99 to 2003-04. However, since 2005 the company has made a turn-around with Profit After Tax (PAT) of Rs. 65.88 crore in 2008-09 from (-) Rs. 10.72 crore in 2003-04. Networth of the company also improved substantially from (-) Rs.257.91 crore in 2003-04 to Rs. 34.85 core as on 31.3.2009.

7.0 **MSTC LTD.**

7.0.1 MSTC Ltd. was incorporated under the Companies Act, 1956 on 9th September, 1964 and was the Canalising Agency for import of carbon steel melting scrap, sponge iron / hot briqueted iron and re-rollable scrap till February, 1992. It was also the Canalising Agency for import of old ships for breaking, import of which was decanalised and put under OGL w.e.f. August, 1991. The company became a subsidiary of Steel Authority of India Limited (SAIL) in February, 1974. In the year 1982-83, MSTC was converted into a Govt. of India company with the transfer of shares of SAIL to the President of India. The company undertakes trading activities, e-commerce, disposal of ferrous and non-ferrous scrap, surplus stores, etc. mostly from PSUs and Govt. Departments.

MSTC is the Holding Company of Ferro Scrap Nigam Ltd. (FSNL) whose 100% paid up equity shares are held by MSTC.

7.0.2 As on 31.3.2009, MSTC has an Authorised Capital of Rs.5.00 crore and paid up capital of Rs.2.20 crore, of which approximately 90% is held by the President of India and the balance 10% by the members of Steel Furnaces Association of India and Iron & 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.

7.0.3 **PHYSICAL PERFORMANCE**

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Marketing	4552	4235	6345	3700	4550	8251	4780
(ii)	Agency	3211	3495	4634	4000	5120	11121*	5370

* Including e-procurement.

7.0.4 **FINANCIAL PERFORMANCE**

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	4172.75	3100.06	5197.11	3786.00	3810.00	6632.50	4924.04
(ii)	Operating Cost	4086.60	3006.66	5058.78	3726.00	3720.00	6491.53	4830.34
(iii)	Gross Margin	86.15	93.40	138.33	60.00	90.00	140.97	93.70
(iv)	Profit (Loss) before Tax	85.70	90.87	134.47	58.50	87.50	137.97	91.10
(v)	Profit (Loss) after Tax	54.68	59.00	92.20	38.61	57.75	91.15	60.15
(vi)	Dividend paid/ proposed	10.96	11.88	18.48	7.72	11.55	18.23	12.03
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	9.86	10.69	16.63	6.95	10.40	16.41	10.82

7.1 FERRO SCRAP NIGAM LIMITED (FSNL)

7.1.1 Ferro Scrap Nigam Limited (FSNL) became a 100 % subsidiary of MSTC Ltd. after the acquisition of 40 % shares earlier held by Harsco Corporation of USA by MSTC Ltd in June, 2002. FSNL is primarily engaged in reclaiming iron and steel scrap from slag in all the integrated steel plants under SAIL, RINL and NINL and also in private sector steel plants like Ispat Industries and Jindal Steel. It is one of the pioneer enterprise which provides specialized services to the metallurgical industries in the country. The company designs, builds, owns, operates and maintains facilities and infrastructure to deliver Mill Service Solution through its 10 units located in West Bengal, Orissa, Chhattisgarh, Jharkhand, Andhra Pradesh and Maharashtra.

7.1.2 As on 31.3.2009, the company's authorised share capital and issued and paid up capital was Rs.2.00 crore.

7.1.3 PHYSICAL PERFORMANCE

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Recovery of Scrap (in lakh M.T.)	22.46	22.04	23.77	21.50	22.00	22.63	22.50
(ii)	Market Value of Production (Rs.in Crore)	988.24	969.68	1045.95	946.00	968.00	994.72	990.00

7.1.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	106.79	110.63	128.22	122.72	132.00	129.33	141.98
(ii)	Operating Cost	88.27	95.20	112.48	103.80	116.31	111.55	123.64
(iii)	Gross Margin	18.65	15.37	15.86	18.92	15.69	17.78	18.34
(iv)	Profit (Loss) before Tax	8.55	3.08	2.01	4.53	1.09	3.08	3.09
(v)	Profit (Loss) after Tax	5.68	1.26	0.73	2.94	0.71	1.25	2.01
(vi)	Dividend paid/ proposed	1.29	0.29	0.47	0.69	0.00	0.00	0.00
	Of which :							
	Dividend paid/ proposed to the Govt. of India#	1.29	0.29	0.47	0.69	0.00	0.00	0.00

Dividend paid to M/s MSTC Ltd. being the holding company.

7.1.5 FSNL's performance depends upon scrap in the slag and scrap generation in various forms. For the period 2005-06 to 2008-09, though the income of FSNL increased due to increase in production, particularly in the area of handling of slag, there was no proportionate increase in the profitability. This was due to increase in input costs like diesel, power, steel, heavy machinery parts, etc. Even the increase in service charge rate was not enough to compensate the increased expenditure, continuous efforts are being made by the company to reduce the cost reasonably within the limits despite increase in the input cost.

8. NMDC Ltd.

8.1 Incorporated on the 15th November, 1958 the NMDC Ltd. is the single largest producer of iron ore and diamonds in the country and is engaged in exploration, development and exploitation of various other minerals such as Dolomite limestone, Magnesite, Tungsten, Graphite, Tin etc. NMDC Ltd. is also entering into the field of producing high value products like Ferric Oxide, Iron Powder etc., through its intensive R&D works conducted at R&D Laboratory, which is declared as Centre of Excellence. The Company has also undertaken exploration works of gold in Tanzania. NMDC's large mechanized Iron Ore Mines are being operated at Bailadila-14/11C, Bailadila-5/10&11A in Chhattisgarh and Donimalai in Karnataka, India's only mechanized Diamond mine at Panna (MP) and Silica Sand at Lallapur (Allahabad).

NMDC Ltd. has planned to expand its present iron ore production capacity of 30 million tonnes to 50 million tonnes per annum by 2014-15 through- capacity expansion of existing mines, opening of new mines, value addition into sponge iron, pellets and steel. NMDC has recently signed a MOU with Government of Chhattisgarh for setting up an integrated steel plant of 3 million tonnes per annum capacity at Nagarnar in Chhattisgarh.

8.2 Against an authorized share capital of Rs.400.00 crore, the issued and paid up capital was 396.48 crore as on 31.3.2009 after issuing Bonus Share in the ratio of 2:1 during the year 2008-09. Government of India is holding 98.38% shares. NMDC Ltd. is a debt free company.

8.3. PHYSICAL PERFORMANCE

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	PRODUCTION:							
	IRON ORE (LAC MT)	229.23	262.31	298.16	280.00	304.00	289.68	236.00
	DIAMONDS (CARATS)	43878	1703	-	-	-	-	-
(II)	SALES							
	IRON ORE (LAC MT)	248.45	255.89	281.84	285.00	309.00	264.72	242.00
	DIAMONDS (CARATS)	48825	14588	2632	-	-	-	-

8.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Income	3915.27	4534.04	6412.01	5521.23	7032.02	8535.43	6122.00
(ii)	Operating Cost	1025.38	952.25	1401.08	1354.48	1532.02	1865.15	1627.00
(iii)	Gross Margin (1-2)	2889.89	3581.79	5010.93	4166.75	5500.00	6670.28	4495.00
(iv)	Depreciation/DRE	119.76	83.48	63.46	66.75	67.96	70.28	83.00
(v)	Profit (Loss) before Tax	2770.13	3498.31	4947.47	4100.00	5432.04	6600.00	4412.00
(vi)	Profit (Loss) after Tax	1827.80	2320.21	3250.98	2706.00	3585.69	4350.00	2912.00
(vii)	Dividend paid*/ Proposed	365.57	465.19	651.53	-	720.00	870.00	582.00
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	359.66	457.67	641.00	-	708.00	856.00	573.00

* Balance sheet figures for the year.

8.5 Both physical and financial performance of NMDC Ltd. has been consistently impressive over last several years as is reflected in the progressive increase in the various financial parameters like PBT, PAT, Dividend etc. The total income has increased by 33.12% from 6412.01 crore in 2007-08 to 8535.43 crore in 2008-09. The profit before tax has increased by 33.40% from 4947.47 crore in 2007-08 to 6600 crore in 2008-09. In spite of the recessionary conditions, NMDC could achieve a production of 289.68 LMT of iron ore during 2008-09 as against 298.16 LMT in 2007-08 and sales of 264.72 LMT of iron ore as against 281.84 LMT in 2007-08. The dividend declared for the year 2007-08 was Rs. 651.53 crore which is 493% of the equity. The GOI share amounted to Rs. 641 crore as against Rs. 457.67 crore during 2006-07.

In recognition of the company's growing status and consistent "Excellent" performance, NMDC Ltd. has been conferred '**Navratna**' status in 2008.

9. KIOCL Ltd.

9.1 KIOCL Ltd. (formerly known as Kudremukh Iron Ore Company Ltd.) was incorporated in April, 1976 for the implementation of the Kudremukh Iron Ore Project for manufacturing iron ore concentrate. Under an agreement signed with the National Iranian Steel Industries Company, a total quantity of 150 million tonnes of Concentrate was to be supplied to Iran over a period of 21 years starting from September 1980. Government of Iran had agreed to cover the cost of implementation of the project to the extent of US\$630 millions. Out of this credit an amount of only US\$255 millions was received. The project was, however, completed with the funds provided by the Government of India. The final cost of completion of the project amounted to Rs.516.87 crores against sanctioned cost estimate of Rs.546.80 crores.

As Iran was unable to lift the iron ore concentrate as per the agreement, besides exploring new markets for Concentrate, a scheme for construction of a Pellet Plant to utilise 3 million tonnes of concentrate was approved by the Government of India in May 1981. The project was implemented at a cost of Rs.116.65 crore and commercial production commenced in April, 1987. Iron Ore pellets are supplied to domestic units like Ispat Industries and RINL and also exported to China. Consequent upon Hon'ble Supreme Court's decision to stop mining at Kudremukh w.e.f. 31.12.2005, Pellet Plant is operated through brought out Hematite Ore. In 2001, a Pig Iron Plant at Mangalore was set up under a Joint Venture, namely KISCO which has since been merged with KIOCL Ltd. w.e.f. 1.4.2007.

9.2 The Authorised Capital of KIOCL Ltd. is Rs.675.00 crore. The Issued and Paid – up capital is Rs.634.51 crore, approximately 99% (Rs.628.14 crore) of which is held by the Govt. of India.

9.3 PHYSICAL PERFORMANCE

(In million tonnes)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Iron Ore Concentrate	2.922	Nil	Nil	Nil	Nil	Nil	Nil
(ii)	Pellet (incl. fines)	2.834	0.630	1.927	2.700	1.316	1.316	2.650
(iii)	Pig Iron (incl. auxiliary)	Nil	Nil	0.157	0.180	0.120	0.118	0.170

Note: (i) Mining has been stopped w.e.f. 31.12.2005 in view of Hon'ble Supreme Court judgment.

(ii) KISCO has been merged with KIOCL Ltd. w.e.f. 1.4.2007 and as such figures for 2007-08 include Blast Furnace Unit.

9.4 FINANCIAL PERFORMANCE*(Rs. in crore)*

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	1301.63	368.87	1565.41	1973.24	1375.58	1422.15	2047.61
(ii)	Operating Cost	614.57	317.05	1353.67	1837.70	1304.46	1354.48	1851.92
(iii)	Gross Margin	687.06	51.81	211.74	135.54	71.11	67.67	195.69
(iv)	Profit (Loss) before Tax	548.10	19.94	156.51	93.72	24.68	24.18	147.79
(v)	Profit (Loss) after Tax	356.30	13.77	108.16	61.87	16.29	22.01	97.56
(vi)	Dividend paid/ proposed	126.90	Nil	21.63	Nil	Nil	6.35	19.51
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	125.63	Nil	21.42	Nil	Nil	6.21	19.32

9.5 As has been mentioned earlier, Hon'ble Supreme Court had directed KIOCL to stop mining at Kudremukh w.e.f. 31.12.2005. Accordingly, mining had to be stopped at Kudremukh which resulted in discontinuation of magnetite ore supplies from Kudremukh mines and consequent shortfall in production of both Concentrate and Pellets from 2005-06 onwards. This has adversely affected both the physical and financial performance of the company. While the Concentrate Plant had to be closed down, the company had carried out necessary process modification in the Pellet Plant to produce pellets from haemetite ore which has to be outsourced.

9.6 Due to current global market recession, the prices of pellets have come down from US\$240 to US\$ 85 which is below the cost of production. As such, KIOCL is not selling its pellets and the storing capacity is full at present. Therefore, the production activities have stopped since January, 2009 for plant maintenance and waiting for price increase of the pellets. The Pig Iron Plant (Blast Furnace Unit) is also incurring losses since its inception. It can be made viable by setting up an Integrated Ductile Iron Spun Pipe Plant.

10. MANGANESE ORE (INDIA) LIMITED (MOIL)

10.1 MOIL, formed in 1962, is the largest domestic producer of high grade manganese ore which is a basic raw material for manufacturing of Ferro-Alloys, an essential input for steel making. Dioxide ore is produced in the Dongri Buzurg mine of the company which is used for manufacturing dry batteries. With the increase in the domestic demand for high grade manganese and dioxide ores, the company has embarked upon various capital schemes for development and modernization of its mines. Further, to improve business volume and profitability, MOIL diversified its activities into manufacture of value added products during 90's. As part of diversification, the company set up a project for manufacture of Electrolytic Manganese Dioxide in the year 1991 with initial installed capacity of 600 MT per annum, which has been expanded in a phased manner to 1500 MT per annum as of 2006-07. As further diversification, MOIL has set up a Ferro Manganese Plant of 5 MVA capacity at Balaghat in Madhya Pradesh during the year 1998, with an installed capacity of 10000 MT per annum. The company has also set up a 4.8 MW wind power unit in Madhya Pradesh which is being used to meet part of the power requirement of the Ferro Manganese plant and mines located in MP. Second

phase of 15.2 MW wind power unit has also been commissioned. The electricity generated from the second phase are sold to M.P. Power Trading Company.

To enable mining at deeper level, the company has taken up Deepening of Vertical Shaft at Balaghat, Belodongri and is sinking new Vertical Shaft at Gumgaon.

10.2 The Authorized Capital of the company is Rs.100.00 crore and the Issued and Paid - up capital as at the end of 31st March, 2009 was Rs.28.00 crore. The Govt. of India and State Governments of Maharashtra and Madhya Pradesh are the shareholders of the company, with the Govt. of India having 81.57% share holding.

10.3. PHYSICAL PERFORMANCE

(Production in MT)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual	BE
	PRODUCTION:							
(i)	Manganese Ore	864890	1047021	1364575	1106000	1175000	1175318	1175000
(ii)	Electrolytic Manganese Dioxide	1301	1312	1122	1400	1300	1240	1300
(iii)	Ferro Manganese	6170	10200	11130	10000	10000	10120	10000

10.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual	BE
(i)	Income	356.19	451.82	1030.04	583.36	1350.76	1407.99	755.62
(ii)	Operating Cost	193.92	221.59	286.49	303.45	386.34	435.85	388.54
(iii)	Gross Margin	179.47	210.21	750.98	297.12	992.34	1031.42	410.31
(iv)	Profit (Loss) before Tax	169.00	201.15	734.91	271.74	966.50	1006.76	382.47
(v)	Profit (Loss) after Tax	114.52	134.21	479.82	179.38	637.99	663.79	252.47
(vi)	Dividend paid/ proposed	19.92	28.00	96.60	16.23	127.66	133.00	-
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	16.25	22.84	78.80	-	104.08	108.49	-

11. BIRD GROUP OF COMPANIES

Bird Group of Companies is a Govt. managed company under the Ministry of Steel. It comprises of the following five operational companies :

- (1) The Orissa Minerals Development Co. Ltd. (OMDC)
- (2) The Bisra Stone Lime Co. Ltd. (BSLC)
- (3) The Karanpura Development Co. Ltd. (KDCL)
- (4) Scott & Saxby Ltd. (SSL)
- (5) Eastern Investments Limited (EIL)

OMDC, BSLC and KDCL are mining companies while SSL is engaged in activities related to sinking of deep tube wells and mineral exploration. EIL is an investment company and is having major stake in OMDC, BSLC and KDCL.

11.1 THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED (OMDC)

Incorporated in the year 1918, OMDC is engaged in mining and marketing of iron ore and manganese ore. The mines of the company are located around Barbil in the district of Keonjhar, Orissa. OMDC also set up a 30,000 tpa capacity Sponge Iron Plant during 2004. The authorised as well as paid - up capital of the company is Rs.0.60 crore.

11.1.1 PHYSICAL PERFORMANCE

(In lakh MT)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
1.	Production							
	Iron Ore	23.62	22.30	17.28	18.24	16.62	16.62	18.00
	Manganese Ore	0.35	0.27	0.82	0.88	0.32	0.32	0.60
	Sponge Iron	0.19	0.11	0.11	0.18	0.03	0.03	0.18
2.	Despatch							
	Iron Ore	22.17	21.16	16.63	17.94	17.33	17.33	17.70
	Manganese Ore	0.30	0.39	0.86	0.88	0.28	0.28	0.60
	Sponge Iron	0.18	0.05	0.17	0.18	0.02	0.02	0.18

11.1.2 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	276.94	338.39	302.54	437.66	349.34	349.34	348.00
(ii)	Operating Cost	84.08	75.48	74.66	85.62	49.22	49.22	96.00
(iii)	Gross Margin	192.86	262.91	227.88	352.04	300.12	300.12	252.00
(iv)	Profit (Loss) before Tax	188.88	258.99	224.46	343.94	296.59	296.59	248.00
(v)	Profit (Loss) after Tax	129.93	173.47	148.84	226.79	195.49	195.49	163.70
(vi)	Dividend paid/ proposed	19.50	26.02	22.32	34.02	29.32	29.32	24.56
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	2.77	3.70	3.17	4.83	4.16	4.16	3.49

With improved liquidity position, OMDC repaid the entire outstanding Govt. loans and interest thereon during 2003-04 itself. The company is now running free of any debt. However, the diversification schemes of OMDC are constrained due to uncertainty in the renewal of three mining leases which are rich in iron ore deposits.

11.2 THE BISRA STONE LIME COMPANY LIMITED (BSLC)

BSLC was incorporated in the year 1910. The main activities of the company are mining and marketing of limestone and dolomite. The mines are located in Birmitrapur in the district of Sundargarh, Orissa. The authorised as well as paid up capital of BSLC is Rs.0.50 crore.

11.2.1 PHYSICAL PERFORMANCE*(In lakh MT)*

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
1.	Production							
(i)	Limestone	2.14	2.58	2.83	4.49	2.08	2.08	2.00
(ii)	Dolomite	7.41	7.04	8.31	7.39	8.64	8.64	9.00
2.	Despatch							
(i)	Limestone	2.00	2.17	2.42	4.49	2.04	2.04	2.00
(ii)	Dolomite	6.95	7.08	8.27	7.39	7.96	7.96	9.00

11.2.2 FINANCIAL PERFORMANCE*(Rs. in crore)*

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	36.20	40.66	45.82	49.00	48.83	48.83	60.00
(ii)	Operating Cost	38.58	35.98	44.63	44.50	42.33	42.33	49.29
(iii)	Gross Margin	-2.66	4.52	1.19	4.50	6.50	6.50	10.71
(iv)	Profit (Loss) before Tax	-64.13	-66.63	-81.60	-89.00	-90.69	-90.69	-102.13
(v)	Profit (Loss) after Tax	-64.12	-66.65	-81.61	-89.00	-90.69	-90.69	-102.13
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil	Nil	Nil	Nil

BSLC has been running into losses for the past several years. The performance of the company has been affected by changes in steel making technology, industrial relations problem and severe demand constraints resulting in mounting cash losses. Though the position has of late improved somewhat with the company achieving positive gross margin in 2006-07, it still faces difficulty in sustaining growth due to various problems. While the paid-up capital of the company is only Rs.0.50 crore, the accumulated losses stood at Rs. 701.58 crore (Prov.), as on 31.3.2009. With outstanding Govt. loans and interest thereon totaling more than Rs. 710.99 crore, the debt equity ratio has reached alarming proportions.

11.3 THE KARANPURA DEVELOPMENT COMPANY LIMITED (KDCL)

KDCL was incorporated in the year 1920. Earlier the activity of the company centred around production and marketing of refractory minerals. Due to severe losses, the refractory activity of the company was stopped and it started operation in the mining segment – raising and marketing cement grade limestone. The mines of the company are located around Sirka, Bihar. The authorised and paid up capital is Rs.0.40 crore and Rs.0.20 crore respectively.

11.3.1 PHYSICAL PERFORMANCE*(Rs. in crore)*

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
1.	Production							
	Limestone	0.77	0.67	0.51	0.75	0.35	0.35	0.47
2.	Despatch							
	Limestone	0.78	0.65	0.54	0.75	0.35	0.35	0.47

11.3.2 FINANCIAL PERFORMANCE*(Rs. in crore)*

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	1.99	1.87	1.61	2.15	1.00	1.00	1.34
(ii)	Operating Cost	1.94	2.06	1.64	2.11	1.02	1.02	1.36
(iii)	Gross Margin	0.04	-0.19	-0.13	0.04	-0.02	-0.02	-0.02
(iv)	Profit (Loss) before Tax	-1.63	-2.21	-2.56	-2.92	-2.96	-2.96	-3.95
(v)	Profit (Loss) after Tax	-1.63	-2.21	-2.56	-2.92	-2.96	-2.96	-3.95
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil	Nil	Nil	Nil

KDCL has also been running into losses for the past several years. The accumulated losses of the company stood at Rs.17.87 crore (Prov.) as on 31.3.2009. Govt. loans of Rs.1.55 crore and interest thereon of Rs.15.46 crore, as on 31.3.2009, are outstanding against KDCL. Lack of experience of the departmental workers in mining, problems with land owners due to the company having no surface rights over the leasehold mines and tough competition from small mine owners leading to decreased demand for KDCL's products has adversely affected the performance of the company.

11.4 SCOTT & SAXBY LIMITED (SSL)

SSL was incorporated in the year 1924 and is a wholly owned subsidiary of KDCL. The company's areas of operations are in the field of sinking of deep tube wells and mineral exploration. The authorized and paid-up capital of SSL is Rs.0.05 crore.

11.4.1 PHYSICAL PERFORMANCE

Due to the nature of SSL's operations, it is not possible to give the physical performance of the company.

11.4.2 FINANCIAL PERFORMANCE*(Rs. in crore)*

No	Item	2005-06	2006-07	2007-08	2008-09			2009-10
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (Prov.)	BE
(i)	Income	1.65	1.05	2.42	2.24	1.23	1.23	1.64
(ii)	Operating Cost	2.73	4.16	1.34	2.20	1.11	1.11	1.48
(iii)	Gross Margin	-1.17	-3.11	1.08	0.04	0.12	0.12	0.16
(iv)	Profit (Loss) before Tax	-9.78	-13.47	-11.48	-16.79	-15.54	-15.54	-20.72
(v)	Profit (Loss) after Tax	-9.78	-13.47	-11.48	-16.79	-15.54	-15.54	-20.72
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil	Nil	Nil	Nil

SSL has also been continuously running losses for several years now. The company has its weakness in the old and worn out equipments and excessive manpower even after rationalization through VRS. Another constraint is the dearth of orders in the sinking of deep tube wells. Because of the dismal performance, SSL has been suffering from acute liquidity shortage resulting in accumulation of statutory dues with even salaries & wages remaining in arrear. Order book position is unlikely to improve in the near future. As on 31.3.2009, accumulated losses of the company stood at Rs. 91.93 crore and the company has defaulted in the payment of Govt. loans & interest of Rs.87.48 crore.
