



GOVERNMENT OF INDIA

OUTCOME BUDGET

OF

MINISTRY OF STEEL

2010-2011

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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. 2010-11.

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 2010-11, 50 such major schemes (49 Plan and 1 Non-Plan), have been included in the outcome budget statement. Out of 49 Plan scheme, 48 Plan schemes are being implemented by Steel Authority of India Ltd. (22 schemes), Rashtriya Ispat Nigam Ltd. (17), KIOCL Ltd. (5), NMDC Ltd. (2) and Manganese Ore India Ltd. (2) 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 2010-11, processes/ timelines, risk factors, projected physical outputs and projected outcomes in respect of these 50 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, 2009-10 of the Ministry of Steel. The actual achievements (up to 31st December, 2009) vis-à-vis the intended outcome in respect of the 57 major schemes - 56 Plan schemes and 1 Non-Plan scheme - included in Outcome Budget, 2009-10 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 56 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 33 schemes of SAIL, 14 schemes have been completed. RINL's out of 14 schemes, 1 scheme is completed (under stabilisation). 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 (Gross) of Rs.123.01crore in BE 2009-10 and of Rs. 827.20 crore in RE 2009-10, a provision of Rs.114.92 crore has been provided in BE 2010-11 under Demand No.91 for the Ministry of Steel. The Ministry's Annual Plan outlay of Rs. 13756.66 crore (I&EBR: Rs. 13722.66 crore and Plan budgetary support: Rs. 34.00 crore) in BE 2009-10 has been increased to Rs. 17199.82 crore (I&EBR: Rs. 17163.82 crore and Plan budgetary support: Rs. 36.00 crore) in BE 2010-11. The substantial plan outlay for 2010-11 has been earmarked for expansions of SAIL's Plants i.e. Bhilai Steel Plant (Rs.3258 crore), Rourkela Steel Plant (Rs. 1645 crore), IISCO Steel Plant (Rs. 3432 crore), Durgapur Steel Plant (Rs. 180 crore), Bokaro Steel Plant (Rs. 930 crore) & Salem Steel Plant (Rs. 194 crore) and an outlay of Rs. 2800 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 (2009-10) and including financial year 2010-11, 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, 2010-11.

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 2009-10 (up to 31st December, 2009) as also the projections for 2010-11 (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, 2010-11.

CHAPTER - I

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, a Chief Controller of Accounts, three Joint Secretaries, one Economic Adviser, five Directors, three 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) Rashtriya Ispat Nigam Ltd.(RINL), Visakhapatnam
- (9) MSTC Ltd., Kolkata
- (10) 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 (Chhattisgarh)
- (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.

In pursuance of the Order of amalgamation issued by the Ministry of Corporate Affairs under Section 396 of the Companies Act, 1956 on 28.7.2009, Bharat Refractories Limited (BRL) a PSU under Ministry of Steel has been merged and amalgamated with Steel Authority of India Limited (SAIL) w.e.f. 1.4.2007. After the merger with SAIL, the erstwhile BRL has been renamed as 'SAIL Refractory Unit'.

(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 there from.

(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 taking up new product development through its intensive R&D efforts for production of High Tech and High Value added product from blue dust such as 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 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. The company, after a gap of four years, has also restarted its mining activities at Panna Diamond Mines in Madhya Pradesh.

- (4). **Hindustan Steelworks Construction Limited (HSCCL)**, 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. HSCCL 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). **Manganese Ore (India) Ltd.(MOIL)**, with corporate office at Nagpur, is the largest domestic producer of high grade manganese ore, a basic 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. During 2006-07, the company set up 4.8 MW wind power electricity generation unit at Nagda Hills in Madhya Pradesh which was further expanded to 20 MW. Considering the necessity for expanding the operation of the company, MOIL has also entered into Joint Ventures with SAIL and RINL for setting up of Ferro Alloys manufacturing units at Nandini near Bhilai and Bobbili near Visakhapatnam.
- (7). **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. Ministry of Corporate Affairs has accorded the sanction of amalgamation of SIIL with NMDC Ltd. on 18.01.2010. The remaining legal process is expected to be completed shortly in co-ordination with NMDC Ltd.

- (8). **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 plant has been built to match international standards with state-of-the-art technology, incorporating extensive energy savings and pollution control measures. 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 2011-12.
- (9). **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 and non-ferrous scrap, surplus stores and other secondary arisings generated mostly from Public Sector Undertakings and Govt. Departments, including Ministry of Defence.
- (10). **Ferro Scrap Nigam Limited (FSNL)** is a 100% subsidiary of MSTC Ltd. 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 Government of India has approved the restructuring of Bird Group of Companies on 10.09.2009. As per the restructuring, OMDC and BSLC will be made subsidiaries of EIL, which in turn will be made subsidiary of RINL, thus bringing EIL, OMDC and BSLC under the umbrella of RINL. The other two companies would be phased out.

The major schemes/ programmes (estimated/ sanctioned cost of Rs.50 crore or more) implemented by the PSUs during 2009-10 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 Rashtriya Ispat Nigam Ltd.(RINL), Project Office 'A' Block, Visakhapatnam -530 031
- 9 MSTC Ltd., 225 F, Acharya Jagdish Bose Road, Kolkata – 700 020
- 10 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 2010-11 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 was not implementing any scheme 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 sum total of 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.

Statement of Outlays and Outcomes/Targets (2010-11)
(Schemes with estimated/sanctioned cost more than Rs.50.00 crore)

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	4	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	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)	Thyristorisation of Plate Mill drives	Replacement of old and unreliable MG sets by modern thyristor converters with state-of-art digital control	53.52	=	=	6.22	Improvement in mill availability & saving in power consumption	Feb'09	Jan'10 completed	Delay in equipment supply and erection and charging of substation-51 and erection of DC bus duct.
(ii)	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.	258.18	=	=	130.00	700 tonne per day of O ₂	Jul'09	May'11	Contract terminated with M/s Cryogen mesh Retendered. Fresh contract signed with M/s Air liquide.
(iii)	Rebuilding of COB-6	To improve production and to achieve latest pollution norms of MOEF	191.20	=	=	60.00	--	Jan'10	Apr'10	Completion rescheduled in April'10.
(iv)	Expansion of BSP	Phasing out of low graded and energy intrinsic unit, reduction of semis	5971.31 (Part)	=	=	3258.00	Increase in HM capacity from 4.82 mtpa to 7.5mtpa	--	--	--
(b) Rourkela Steel Plant										
(i)	Coal Dust Injection System in BF-4	Technical necessity for reduction in coke rate and improvement of the furnace productivity.	70.71	=	=	2.89	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm.	Oct'08	Jul'10	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.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(ii)	Rebuilding of Coke Oven Battery-4	To improve production and to achieve latest pollution norms of MOEF	248.94	=	=	30.52	Rebuilding with latest pollution norms of MOEF	Aug'09	Feb'10	Delay in equipment supply and erection by M/s MECON. Chimney heating started on 12.10.09 and battery lighted up on 28.10.09.
(iii)	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	=	=	4.86	Capacity of discharge volume of 1,63,000 Nm ³ /hr at a pressure of 2.3 Kg/cm ²	Jan'09	Dec'09 completed	Delay in supply & erection of imported equipment by M/s MAN Turbo.
(iv)	New Coke Oven Gas Holder	New Coke Oven Gas Holder as a replacement to maintain adequate pressure in the gas grid	123.22	=	=	18.79	1,00,000 m ³ capacity	Jun'09	Dec'09 Completed	Delay in equipment supply and erection by M/s Clayton Walker Gasholder, UK/MICCO.
(v)	700tpd Oxygen Plant	New Oxygen Plant to meet increasing requirement of oxygen, nitrogen & argon.	302.70	=	=	50.00	700 tonne per day capacity	Jun'09	May'10	Delay in supply of Booster air compressor from Atlas Copco, Germany. All imported equipment except part of Booster Air Compressor received at site. Two imported consignments were found to be defective on receipt and were sent back to Germany on 24.11.09 for rectification.
(vi)	Simultaneous Blowing of BOF Converters of SMS-II	For enhancing the production capacity of SMS-II	197.66	=	=	25.00	Enhancing production from 1.68 mtpa to 1.85 mtpa	Oct'09	Mar'10	Initial delay in availability of civil drawings.
(vii)	Expansion of RSP	To increase the hot metal capacity to 4.5 mtpa	7721.94 (Part)	=	=	1645.00	Increase in hot metal capacity from 2.12 mtpa to 4.5 mtpa	--	--	--

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(c) Bokaro Steel Plant										
(i)	Coal Dust Injection System in BF-2 & 3	Technical necessity for reduction in coke rate & improvement of the furnace productivity	133.92	=	=	8.00	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast furnace at 120 kg/thm	May'08	Feb'10 (BF-3)	-Relocation of Coal Handling & Storage site delayed due to finalization of site for SMS-3 under expansion plant. -Delay in fabrication & erection of structures by M/s SREPC & Techpro.
(ii)	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, be-sides creating a buffer station for longer sequence at casters & flexibility in operation.	96.96	=	=	8.00	Production of value added steels, improvement in lining life of converters.	Feb'08	Feb'10	-Delay in design engineering & equipment ordering by M/s VAI and M/s Siemens. -Lack of resource mobilization by M/s HSL & KCC leading to delay in civil works.
(iii)	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	=	=	25.00	6 no. of ESPs of capacity 900,000 m3/hr to control emission level of outlet dust at 150mg/nm3	Aug'10	Dec'11	Non-availability of Shutdown fro erection of ESP-6. Delay in submission of drawings by M/s SREPC
(iv)	Installation of new Turbo Blower No. 8	To meet the enhanced cold blast (CB) requirement of BF-2	125.92	=	=	26.00	CB at blower discharge vol. of 4000 Nm3/min and discharge pressure of 3.9kg/cm2 at blower end.	Aug'09	May'11	Contract with M/s Roselectropom terminated. Fresh order placed on NICCO/SBW, China/MES, Japan.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(v)	Up-gradation of BF-2	To increase the useful working volume and productivity	892.32	=	=	305.00	Useful volume will increase from 1758 to 2259m3 and productivity will be 2t/m3/day	Aug'09	Mar'10	Shutdown of BF-2 deferred due to capital repair of BF-3
(vi)	Rebuilding of COB-1&2	To improve production & achieve latest pollution norms of MOEF	500.90	=	=	147.00	Improve production & achieve latest pollution norms of MOEF	Apr'10	Oct'10 (1 st Battery)	Contractual schedule: 27 months from the date of site handover. Jul'10-COB 1 & Oct'10-COB 2
(vii)	Expansion of BSL	Phasing out energy intensive units & introduction of energy efficient technology	3858.62 (Part)	=	=	930.00	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	=	=	120.00	Rebuilding with latest pollution norms of MOEF	Sep'09	Jun'10	Termination of contract of HSCL for civil work due to poor performance. Substantial increase in civil work based on design engineering by MECON
(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	=	=	3432.00	2.7 mtpa hot metal, 2.5 mtpa crude steel & 2.37 mtpa saleable steel	Jul'10 (1 st converter)	Jun'11 (Integrated commissioning)	--

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
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	=	=	194.00	To increase crude steel production from nil to 0.18 mt and saleable steel from 0.18 mt to 0.34 mt.	Mar'10	Jun'10 (Integrated commissioning)	--
(f)	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	=	=	23.00	--	Dec'09	Jun'10	Slow progress of design engg. and fabrication work by M/s Techpro. M/s Tecpro asked for expediting the site fabrication work and design engg.
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 three coke oven batteries	380.00	=	=	69.00	To produce 0.75 mt of coke	--	Apr'09	Battery-4 commissioned and is under regular operations.

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(ii)	Coke Oven Battery No. 4 Phase-II	Full utilisation of gas and enhancing better realisation of by products by providing addl by product facilities and balancing facilities in coal handling	312.00	=	=	85.00	Increase in recovery of by products	Nov'09	June'10	Coal side: Orders have already been placed for all 10 packages and works are under progress. Concreting 43%, Fabrication of Structures -71% and erection of structures 15% done. By Products side: Out of 18 packages 17 packages orders have been placed and work is under progress, concreting 32%, Fabrication of Structures 48%, erection of structures 12% and Equipment erection 9% done. The balance one package i.e Benzol recovery & distillation plant, prices opened and price negotiation held on 21.1.2010, reply awaited from the party.
(iii)	Expansion to 6.3 Mtpa Liquid Steel	To increase the plant capacity	12228.00	=	=	2800.00	Enhance production of liquid steel to 6.3 mtpa from present level of 3mtpa	--	Stage-1- by Dec'10 Stage-2 by -Dec'11	(1) Orders for all major packages under expansion programme have already been placed. The execution of various packages at site including civil, structural, equipment supply and erection has already commenced and is at various stages. As per contractual schedule stage-I of expansion which includes installation of new Blast Furnace, New SMS and Finishing Mill along with associated units are to be completed progressively by March,2010. Efforts are being made to complete the erection work as per schedule so as to commission and stabilise the units during March- Sep'2010. (2) Additional two finishing mills under stage -II expansion are scheduled to be completed progressively by June'2011 - December'2011 and are under implementation. (SBM- Jan-Jul'2011 and SM - by Dec'2011) (3) Price escalation of Plant and Machinery leading to increase in the capital cost.

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(iv)	Air separation Plant (4&5)	Additional facility to meet shortfall of Argon for combined blowing process. Oxygen produced is used in BF	299.00	=	=	170.00	2 nos. of 600 ton capacity at an estimated cost of Rs. 162 cr. each	July'09	AS-4 Jun'10 & AS-5 Dec'10	(1) ASU-4: Basic Engineering and Detailed engineering completed. Piling completed. Concreting-71%, Structural fabrication -55%, Structural erection-53% and Equipment erection -53% completed. Balance works progressing as per contractual schedule. (2) ASU-5: Piling work nearer to completion. Civil works at site commenced as per schedule. 90%Design & Engineering completed. Manufacturing of equipment commenced.
(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	130.00	=	=	50.00	Increased production of hot metal. To reduce cost of production of hot metal.	July'09	Mar'10	Orders placed on M/s. CERI-China and M/s. Simplex India as consortium on 21.11.2007. Imported equipments are expected at site at end of Feb '2010. Civil works about 57% completed, 50% of equipment supply received at site, 23% erection completed.
(vi)	Acquisition of iron ore Mine & coking coal mines	To achieve self-reliance for raw material and cost reduction.	600.00	=	=	60.00	RINL/VSP does not have captive source for coking coal/iron ore and outlay included to acquire mines	--	--	Persuading with 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. Non allotment of Mines escalating the cost of production and deteriorating financial performance.

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(vii)	Facilities for Iron Ore Storage	To increase Iron storage facility.	480.00	==	==	75.00	Shall increase iron ore storage facility to 30 days	Sep'09	Dec'11	Orders placed for piling, site leveling, structural work & conveyor allied equipment and for remaining packages are under tendering process. Excavation works are also under progress and 62% completed. Piling work started and 18% completed.
(viii)	330 TPH (6 th) Boiler with Auxiliaries	To supplement steam requirement	350.00	==	==	149.00	Shall add addl. process steam to meet the requirements of expansion units	Dec'09	Aug'10	Orders placed on M/s. BHEL-India on 26-9-2007 with completion schedule of Dec'09. There has been delay by M/s. BHEL in Design & Engineering and supply of equipment. The matter has been taken up with BHEL and also with Ministry of Heavy Industries and Public Enterprises by VSP and Ministry of Steel from time to time. The progress has now picked up as per the commitment by BHEL expected to be ready by Aug'2010. Concreting 90%, Structural fabrication 86%, Structural erection 3%, Equipment supply 74% and Equipment erection 19% completed.

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(ix)	67.5 MW TG-5 Power Evacuation System	To meet addl. Power requirement	358.00	=	=	173.00	Shall generate partly the power requirements of expansion units.	Dec'09	Sep'10	Concreting 81%, Structural fabrication 97.5%, Structural erection 53%, Equipment supply 80% completed.
(x)	Strengthening of 220KV system of APTRANSCO	To strengthen AP Power Grid for transmission of power of 400 MVA	86.00	=	=	40.00	It enables to receive contracted demands of 400 KVA for RINL on expansion	Sep'12	--	Site activities commenced and progressing as per schedule. Structural fabrication is under progress.
(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.	58.10	=	=	45.00	To augment to receive 400MVA power at VSP	--	Feb'11	Tendering is in progress. Techno commercial bid opened and are in process.
(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	=	=	70.00	To increase the production by 0.5Mt from 2Mt to 2.5Mt of Hot Metal	--	21 Months from LOI date LOI expected to be placed by Mar'10	Poor response in first tendering (only 2 parties quoted). Retenders called. 5 parties responded and technical discussions are in progress.
(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	=	=	20.00	To increase the production from 5.5Mt to 6.8 Mt of sinter	Mar'11	March'11	Delay in project finalisation. BOD approval obtained, Consultant to be appointed.
(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	=	=	54.00	Technological necessity to change the converters	--	One converter Mar'11 other two Mar'12	Nil' response in first tendering. Retenders called (3 parties responded) and technical discussions are in progress

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(xv)	20.6 MW Waste Heat Recovery Project on Sinter Straight line Cooler of Sinter Machine 1&2	To Generate 20.6MW power through waste heat recovery system on straightline cooler of sinter machines 1 & 2 under Technology co-operation with New Energy and Industrial Technology Organisation (NEDO), Japan under Green Aid Plan	95.76	=	=	30.00	To generate 20.6MW Electricity by capturing waste heat of sinter machines and with out burning any fossil fuel.	--	Mar'12	M/s.MECON appointed as consultant from Indian side. Out 7 specifications, 2 specification prepared. NIT issued for one package. Specifications for 2 more packages are under finalisation.
(xvi)	Augmentation of water storage facility	Construction of additional storage reservoir with capacity of 16 Mqm.to meet the water requirement of expansion.	220.00	=	=	10.00	To increase water storage capacity by 16Mqm	--	--	--
(xvii)	3 rd Converter and 4 th Caster	To convert additional Hot Metal generated (after category 1 repairs of the existing 2 Blast Furnaces) into steel by adding a 3 rd converter and 4 th caster.	884.00	=	=	10.00	To increase the production of steel by 0.97 Mt	--	30 months from date of signing of contract (Estimated :Sep'2012)	--
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 development a permanent railway siding at Mangalore.	55.00	=	=	1.00	<u>Handle receipt of 4mtpy iron ore at Mangalore</u>	--	New timelines will be finalized 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 has been received. Due to realignment of area further additional land is required which is under process, thereafter the proposal will be put up before the Board for approval.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
(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 Plant and Blast Furnace Unit.	60.00	=	=	1.00	<u>Supply of 4mtpy of iron ore for production of pellets</u>	--	New timelines will be finalized 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 has been received. Due to realignment of area further additional land is required which is under process, thereafter the proposal will be put up before the Board for approval.
(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>30.00</u>	<u>Production of 1,00,000 tpa of DISP</u>	--	New timelines will be finalized on obtaining necessary statutory clearance	The Board has advised to go ahead the project through a Jt. Venture partner for forward and backward integration in respect of Blast Furnace Unit. Further, the company is proceeding in this direction.
(iv)	Eco-Tourism development at Kudremukh	The objective of developing Eco Tourism facility in Kudremukh is to develop a community based an commercial oriented eco-tourism project	95.00	=	=	=	<u>Development of eco-tourism</u>	--	New timelines will be finalized on obtaining necessary statutory clearance	Since the company is in the process of obtaining permission for processing the weathered ore as per MOU direction, this project is kept on hold.
(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>	<u>To reduce raw material cost</u>	--	24 months from obtaining of necessary clearances	Considering this high cost of coke being used at Blast Furnace, Company aims at establishing a Coke Oven Plant at Mangalore through a Jt. Venture partner. This will reduce the raw material cost considerably.

(Rs. in crore)

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				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
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	607.18	==	==	200.00	Capacity of 7mtpa	Oct'09	Sep'10	Works are in progress. Amount utilized up to Dec'09 is Rs. 204.73 crore cumulative). Scheduled to be commissioned by Sep'10 and P.G. test by March'11. Risk factor:- Maoist activities have become a major hindrance. Equipments of subcontractors damaged by Maoists.
(ii)	Kumaraswamy Iron Ore Project	To increase production of iron ore	296.03	==	==	50.00	Phase-I capacity of 3mtpa	Dec'09	The zero date of the project is proposed to be 1 st Jan'10 (Tentative)	All the statutory clearance have been obtained. Total project was split up in to 6 packages. M/s MECON has been appointed as Engineering Procurement Construction Management (EPCM) consultant. Against tender for Pkg.-1 two offers have been received which is being processed further. Tendering of Pkg-2 has been done. Pkg-3 work has been decided to be retendered and issue of tender for this package will be done after award of package-1/it reaches final stages of award. Scope of package-5 split in to three sub-packages:- a) Packages V-A (Civil & Structural including water supply). B) Package V-B (Supply and erection of crane). C) Package V-C (Shop electrics and area lighting). Tender document would be submitted by MECON after its approval of corresponding packages of 11B.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Budget Support		I&EBR		Original	Actual/now scheduled	
				Non-Plan	Plan					
1	2	3	4	5	6	7	8	9	10	11
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.	391.00	=	=	40.00	The project will be producing Ferro Manganese/Silico Manganese to cater the needs of SAIL	--	The project will be producing Ferro Manganese 31000 MT and Silico Manganese 75000 MT to cater the needs of SAIL	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 Co.
(ii)	Joint Venture for Ferro Manganese/Silico Manganese Plant	The project will be set up at Bobbili, as a joint venture with Rashtriya Ispat Nigam Ltd.	217.00	=	=	15.00	The project will be producing Ferro Manganese/Silico Manganese to cater the needs of RINL	--	The project will be producing Ferro Manganese 20000 MT and Silico Manganese 37500 MT to cater the needs of RINL	The project will be taken up by JVC, wherein MOIL and RINL will have 50% share holding each and the Project implementation will be carried out by JV Co.
6.	<u>HINDUSTAN STEELWORKS CONSTRUCTION LTD</u>									
(i)	Interest subsidy on term loan taken on VRS	To rationalize manpower through VRS	--	48.69	=	--	To reduce the employee strength to 776	--	By end of 2010-11	No. of employees came down to 1089 as on 1.1.2010.
Total (A)				48.69		14697.28				

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2010-11			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. Scheme of Ministry of Steel										
	Scheme for promotion of R&D in the Iron & Steel sector	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>35.00</u>	=	See col. 3	During 11 th Plan 2007-12	During 11 th Plan 2007-12	Expenditure Finance Committee has identified three broad areas under which the scheme will be promoted. In consultation with a Panel of Experts 7 nos. of R&D proposals have been short listed for consideration by the Project Approval & Monitoring Committee. The first meeting of PAMC is going to be held shortly when decision for release of grants to individual projects is expected to be taken.
TOTAL (B)				=	<u>35.00</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>1.00</u>	<u>2466.54</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>30.23</u>	=	=	--	--	--	Not amenable to outcome budgeting
TOTAL ©			--	<u>30.23</u>	<u>1.00</u>	<u>2466.54</u>				
GRAND TOTAL - A + B + C			--	<u>78.92#</u>	<u>36.00</u>	<u>17163.82</u>				

On Gross basis. The Non-Plan budget for 2009-10(BE) after netting of receipts of Rs. 7.30 crore relating to waiver of guarantee fee provisions for HSCL & MECON Ltd would be **Rs. 71.62 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 2009-10 (April-Dec;09) was 43.849 million tonnes, a growth of 3.2% over the corresponding period of 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. However in order to conserve it for the long term requirement of the domestic steel industry Government has imposed 10% export duty on iron lumps and pellets and 5% on iron ore fines.

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 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.

- A number of major steel companies have announced investment in steel sector, both under capacity expansion (brownfield) plans and setting up of greenfield projects. Ministry of Steel is monitoring the progress of the major integrated steel projects. 33.4 million tonnes of additional steel capacity through brownfield expansion is progressing at a fast pace and is likely to be completed by the year 2012-13. A review of the investment projects in Steel sector would be shortly carried out to assess their likely date of commissioning and year-wise growth of steel capacity in the country.
- IMG is conducting review meetings periodically, both with the major steel investors as well as with the Central Ministries/Departments and the State Government concerned. The last meeting of IMG was held on 25.08.2009.

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 and RINL are in the midst of ambitious expansion plans. The major thrust of the modernization and expansion plans is to adopt the best modern technology, which is addition to being cost effective, energy efficient and environment friendly.

SAIL has planned to enhance its hot metal production capacity from the level of 13.82 million tonnes per annum to 23.46 million tonnes under its current phase of expansion and modernization which is expected to be completed by financial year 2012-13. In Phase-II, SAIL would increase its capacity further to 26.18 million tonnes.

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 2011-12 in phases at an estimated cost of around Rs. 12,228 crore. In this Phase, RINL is focusing on expansion limiting to long products category which is required for infrastructure growth of the country and to diversify there after to flat products category in the subsequent phases. RINL has drawn its long directional plans to enhance capacity of liquid steel 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 planned to set up an integrated steel plant of 3 million tonne per annum

capacity at Nagarnar in Chhattisgarh. The environmental clearance for the plant was accorded by the Ministry of Environment and Forest (MoEF) on 15.9.2009. Chhattisgarh Govt. has sanctioned drawl of water for NMDC. NMDC is in the final stage of the process of shortlisting of the technology provider and the process is expected to be completed soon.

(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 with powers to clear proposals involving investment upto Rs. 1500 crore. ICVL is assisted by a panel of investment bankers on acquisition of coal assets abroad through equity purchase, JVs in existing mines or Greenfield projects in Australia, Canada, Indonesia, Mozambique, Russia and USA.

(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:-

(A) **Mergers/Acquisitions**

- The Govt. has approved merger of Sponge Iron India Limited (SIIL) with NMDC Ltd. on 22.5.2008. Ministry of Corporate Affairs has accorded the sanction of amalgamation of SIIL with NMDC Ltd. on 18.01.2010. The remaining legal process is expected to be completed shortly in co-ordination with NMDC Ltd.
- Merger of Bharat Refractories Limited (BRL) with Steel Authority of India Limited (SAIL) was approved by the Government on 24.4.2008. Final Order for merger of BRL with SAIL with effect from 1.4.2007 has been issued in the Gazette Notification of GOI dated 28.7.2009. After the merger with SAIL, the erstwhile BRL has been renamed as 'SAIL Refractory Unit'.
- The merger of Maharashtra Electromelt Limited (MEL) with Steel Authority of India Limited (SAIL) is in progress. After obtaining 'No Objection' from Government of Maharashtra for transfer of MEL land in favour of SAIL in July, 2009, The process of amalgamation of MEL with SAIL by filing the scheme of merger with Ministry of Corporate Affairs is underway.
- To develop 'Jagdishpur Steel Plant' (Uttar Pradesh) in a phased manner starting with an annual production capacity of 1,73,000 tonnes of TMT Bars, Crash barriers and Galvanised Corrugated Sheets, SAIL has purchased assets (i.e. land along with building, plant and equipment and other fixed assets) of erstwhile M/s Malvika Steel Ltd. (MSL), a division of Usha (India) Limited located at Jagdishpur (Sultanpur, Uttar Pradesh) through auction and has taken over the possession of the same in February, 2009.

- In the 69th meeting of Board of Reconstruction of Public Sector Enterprises (BRPSE), held in June, 2009 for considering restructuring proposal of Burn Standard Company Ltd. (BSCL) at Salem, BRPSE recommended transfer of Refractory Unit of BSCL at Salem to Ministry of Steel/SAIL. SAIL Board, thereafter, in July;09 accorded '*in-principle*' approval for merger/acquisition of Refractory Division of BSCL at Salem with/by SAIL, preferably as a subsidiary of SAIL. Department of Heavy Industry (DHI) is moving a proposal for the take over of Salem Refractory Unit by SAIL.
- Proposal for acquisition of Neelachal Ispat Nigam Limited (NINL) by RINL is under consideration.

(B) **Strategic alliances/Joint Ventures**

- SAIL and NMDC Ltd. have entered into a Memorandum of Understanding (MoU) to jointly develop the limestone mine at Arki located in the Solan district of Himachal Pradesh in 50:50 Joint Venture (JV). Total envisaged production capacity is 3 million tonnes per annum (MTPA), of which 1 MTPA would be lumps and 2MTPA would be fines. SAIL and NMDC would procure limestone lumps from the JV and the limestone fines would be sold to nearby cement plants.
- SAIL has signed an Memorandum of Understanding (MoU) with the Government of Kerala (GoK) for revival of the Steel Complex Ltd (SCL) with a 50,000 tonne per annum capacity for producing continuous cast billets, through formation of a Joint Venture (JV) with SAIL holding up 50% of equity and the balance held by Government of Kerala and others. The JV agreement was signed between SAIL and SCL in December, 2008. Process is underway for clean slating the balance sheet of SCL and to obtain clearance from BIFR.
- SAIL is in the process of formation of a Joint Venture (JV) with Shipping Corporation of India Ltd. (SCI) to take up its shipping related needs. Subsequent to signing an MoU with SCI, the draft Joint Venture Agreement has been approved by SAIL Board in July;09. The modalities for JV company formation and related shipping activities are likely to commence in the first quarter of 2010 once the same is cleared by SCI Board.
- To meet the enhanced power requirement of SAIL by 2020, an MoU has been signed with Larsen and Turbo on September 30, 2008, for a strategic alliance to acquire and development thermal coal blocks and set up 1680 MW capacity power plants using super critical technology. The preparation of draft JV agreement is in progress and the proposed JV will acquire thermal coal blocks and develop them. Based on the allocation thermal coal blocks and their location, the actual site for setting thermal power plant would be decided.
- SAIL and TATA Steel have formed a Joint Venture company for coal mining in September, 2008 namely "S & T Mining Co. Pvt. Ltd." The company has started functioning and is exploring the possibility for acquisition of Coking Coal Block. Coal India Ltd. (CIL) has short listed S & T Mining Co. as one of the suitable partner for JV to operate already closed mines.
- SAIL and POSCO entered into a MoU in August 2007 for a strategic alliance for information sharing in area related to corporate strategic planning, exchange of professionals, knowhow and expertise sharing, subject to mutual negotiation it

also provided for collaboration and cooperation in area pertaining to joint research and development projects and joint venture mutually agreed upon.

- Possibility for joint initiatives for manufacture and commercialization of CRNO, Exploration of upstream and downstream opportunities in utilizing FINEX technology is also being explored by SAIL & POSCO.
- 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 (Chhattisgarh) with an estimated cost of Rs. 400.00 crore (approx).
- NMDC Ltd., has signed a MoU with Chhattisgarh Mining Development Corporation to develop Baladila-4 and Baladila-13 mines as a Joint Venture.
- RINL has formed a Joint Venture (JV) company with Manganese Ore (India) Ltd.-RINMOIL Ferro Alloys Pvt. Ltd. The company was incorporated on 29.07.2009. The JV with one 27 MVA furnace and one 9 MVA furnace is envisaged to produce 37500 tonnes per annum of Silico Manganese and 20000 tonnes per annum of Ferro Manganese. It will serve to meet RINL's ferro alloy requirement besides opportunity to export. This JV will also help in beneficial use of low grade Manganese ore of RINL's existing mines and also Manganese from OMDC etc.

(iv) **Revival and Restructuring Public Sector Undertakings/Companies.**

- 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 (PBT) of Rs. 39.52 crore during 2007-08, Rs. 74.76 crore in 2008-09 and Rs. 82.87 crore during 2009-10 (upto Dec;09).
- Government of India on 10.09,2009 has approved the restructuring proposal of Bird Group of Companies (a Govt. managed company). In the proposed restructuring, OMDC and BSLC will be made subsidiaries of EIL, which in turn will be made subsidiary of RINL, thus bringing EIL, OMDC and BSLC under the umbrella of RINL. The two other unit under Bird Group of Companies viz. KDCL and SSL would be phased out.
- The restructuring/revival proposal of Hindustan Steelworks Construction Limited (HSCL) is under active consideration of the Government.

(v) **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 since 2007-08. 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 since 2007-08. 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. 229.00 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. 149 villages are being developed into 'model steel villages' under CSR activities by SAIL, NMDC, RINL and MOIL.

(vi) **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. As on 1.1.2010, SAIL has appointed 1963 dealers covering 599 districts in the country. Till now, RINL has appointed dealers in almost all the districts in the Southern States i.e. Andhra Pradesh, Tamilnadu, Karnataka and Kerala and adjoining states i.e. Orissa, Chhattisgarh and Maharashtra.

(vii) **Study for Assessment of Steel Demand in Rural India**

India's steel production capacity is going to increase manifold in the coming years. The current abysmally low per capita consumption of steel of 47 kg, compared to the world average of 190 kg, strengthens the argument that the domestic steel industry has a huge growth potential. The Parliamentary Standing Committee (PSC) on Coal & Steel on Demand for Grants (2007-08) of the Ministry of Steel in its 25th Report had noted that to achieve this objective, it is necessary to create required infrastructure for steel industry as well as increase per capita consumption of steel. The Committee observed that the biggest challenge in achieving the desired level of consumption is removing the wide disparity between urban and rural areas. The Committee, therefore, desired the Ministry to conduct a survey to assess the demand of steel in rural areas.

In pursuance of the recommendation of the PSC the Ministry of Steel is getting a survey carried out through Joint Plant Committee to assess the demand for steel in rural areas. The objective of the survey is to assess trends in consumption pattern of different items of steel in the Indian rural market. The survey would also capture the steel demand arising from investment going into infrastructure development through projects like Bharat Nirman, etc focused exclusively on development of rural India.

A technical Committee, headed by a Joint Secretary of Ministry of Steel and comprising of members from industry and industry associations has been constituted to monitor the survey. IMRB International, a pioneer in market research, has been selected by the Technical Committee to conduct the field and analytical work of the survey. The survey would be based on stratified sampling of the rural population, taking into consideration the following:-

- All the 35 states and union territories separately
- 300 districts (based on percentage of rural population)
- 1500 villages (based on percentage of rural population)
- At least 15-20 households and all institutions like gram panchayats in each village
- A total to 4500 manufacturers and 8000 retailers (based on output/turnover) at the rural level.

Data, for analysis purpose, for the survey would be collected for the three years viz., 2006-07, 2007-08 and 2008-09 and assessment of rural steel demand would be for the periods 2011-12, 2016-17 and 2019-20. A pilot survey has already been conducted covering one district from each of the four zones (north, south, east and west) in the country. The districts identified were Nadia in West Bengal (east), Rae Bareilly in Uttar Pradesh (north), Ahmednagar in Maharashtra (West) and Vellore in Tamil Nadu (south).

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

India is poised to be leading steel producer in the world. Realizing the need of the maximizing the use of indigenously available raw materials, reduction in energy consumption and to develop new steel products, Ministry of Steel is encouraging research and development activities both in public and private steel sectors. Presently following two R&D schemes under which financial assistance is provided are in operation:

- (i) **R&D with Steel Development Fund**: With 5 additional projects approved during the year, total number of approved projects under this scheme has increased to 64 with a total cost of Rs. 422 crore involving SDF assistance of Rs. 178 crore.
- (ii) **R&D with Government Budgetary Support**: Based on the recommendations 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. Expenditure Finance Committee (EFC) has identified three broad areas under which the scheme will be promoted. In consultation with a Panel of Experts 7 nos. of R&D proposals have been short listed for consideration by the Project Approval & Monitoring Committee (PAMC). The meeting of PAMC under the Chairmanship of Secretary (Steel) is going to be held soon when decision for release of grants to individual projects is expected to be taken.

(ix) **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.

(x) **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 which at present is in the range of 15 to 25 Euros per CER Unit. The companies as well as the nation will thus gain substantially.

RINL, Ministry of Steel and Ministry of Finance has signed Memorandum of Understanding (MOU) with 'New Energy and Industrial Technology and Development Organization' (NEDO) of Japan to install 20.6 MW waste heat recovery system on straight line cooler of sinter machine- 1 & 2, under green aid plan in May, 2009.

(xi) **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.

(xii) **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 Rowghat to provide connectivity to Rowghat and Dalli-Rajhara iron ore mines. The new railway line will facilitate the transportation of iron ore, minerals, steel, food and forest products.

(xiii) **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.

(xiv) **Consumer Council Meeting**

To redress the problems faced by the consumers relating to supply/availability of steel products and other related issues, a forum of Steel Consumer Council had been set up in the Ministry of Steel. The meetings of Consumer Council were held in 2008-09, under the Chairmanship of the Hon'ble Steel Minister. The various issues affecting the consumers of steel like opening of new stockyards and monitoring of their working, monitoring of the trend of domestic steel prices, review of prevailing excise and import duties and availability of steel material were discussed in the meetings.

(xv) **Fiscal Measures**

The following measures have also been taken by the Government during the past one year to assist the domestic steel industry tide over the global economic crisis, which inter-alia includes discouraging cheap imports and encouraging steel exports:-

- Export Duty on all steel items (except melting scrap) withdrawn w.e.f 31.10.2008.
- DEPB on steel items restored w.e.f. 14.11.2008.
- Import Duty on iron and non-alloy steel items re-imposed at 5%, w.e.f. 18.11.2008.
- CENVAT on steel items reduced to 8% w.e.f. 24.02.2009.
- Countervailing duty (CVD) on TMT bars and structurals reintroduced w.e.f. 2.1.2009.

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.

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 2009-10

The Outcome Budget, 2009-10 was prepared in respect of both Plan & Non-Plan schemes/programmes of the Ministry of Steel. Ministry of Steel was not implementing any scheme 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, 57 Plan schemes (33 schemes of SAIL, 14 of RINL, 5 of KIOCL Ltd., 2 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, 2009-10. The PSU-wise actual achievements (up to 31st December, 2009) vis-à-vis the intended outcomes indicated in the Outcome Budget, 2009-10 in respect of these 57 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.

Actual Achievement vis-à-vis the intended Outcome projected in Outcome Budget, 2009-10

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2009-10		Quantifiable Deliverables/ Projected Outcomes	Projected Outcomes		Actual Expenditure		Achievements w.r.t projected Outcomes in Col.7	Remarks/Risk factors
				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'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. STEEL AUTHORITY OF INDIA LTD. (SAIL)												
(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	20.00	Rebuilding with latest pollution norms of MOEF	Jan'07	Dec'08	9.23	178.94	Linked to BF coke requirement	Completed
(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	10.00	Out of 500 MW, 280 MW is allocated for BSP	Sep'08	Feb'09	5.22	52.64	Evacuation being done as per requirement	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	19.00	Out of 500 MW, 280 MW is allocated for BSP	Nov'08	Jun'09	7.68	112.17	--	Completed

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2009-10		Quantifiable Deliverables/ Projected Outcomes	Projected Outcomes		Actual Expenditure		Achievements w.r.t projected Outcomes in Col.7	Remarks/Risk factors
				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(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	25.00	Additional casting of 0.165 mtpa. API X65/X70 grade-3,00,000T.	Sep'07	Jan'09	17.08	431.64	Casting of heats being done on regular basis	Completed
(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	9.00	<u>Reduction in sulphur level in Hot Metal from 0.1% to 0.01%</u>	Aug'07	Jan'08	2.44	61.30	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	28.00	8.00	<u>Improvement in mill availability & saving in power consumption</u>	Feb'09	Jan'10	4.95	37.96	--	Completed
(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	258.18	30.00	31.56	<u>700 tonne per day of O₂</u>	Jul'09	May'11	27.54	47.53	--	Contract terminated with M/s Cryogen mesh Retendered. Fresh contract signed with M/s Air liquide

(Rs. in crore)

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				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(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	1.00	Production of rails for making heavy duty switches for heavy haulage/ high speed tracks.	Nov'08	Mar'09	0.27	42.99	--	Completed
(ix)	Rebuilding of COB-6	To improve production and to achieve latest pollution norms of MOEF	191.20	60.00	25.00	--	Jan'10	Apr'10	48.09	59.34	--	--
(x)	Expansion of BSP	Phasing out of low graded & energy intrinsic units, induction of semis.	5971.31 (Part)	1100.00	912.00	Increase in HM capacity from 4.82 mtpa to 7.5 mtpa	--	--	1053.17	1393.49	--	--
(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	120.00	Rebuilding with latest pollution norms of MOEF	Aug'09	Feb'10	86.34	160.13	--	Delay in equipment supply and erection by M/s MECON. Chimney heating started on 12.10.09 and battery lighted up on 28.10.09.

(Rs. in crore)

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				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(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	4.28	Reduction in Sulphur level in Hot Metal from 0.1.% to 0.01%	May'08	Apr'08	4.74	53.88	Benefits achieved as envisaged	Completed ahead of schedule
(iii)	Installation of Pipe Coating Plant	Supply pipes, mainly to the hydrocarbon sector, in the coated condition.	68.27	6.12	8.09	60,000 tpa capacity with outer dia of pipes ranging from 8" to 42"	Aug'08	Sep'08	5.61	58.89	Benefits achieved as envisaged	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	24.00	Replacement of coke with pulverized coal on 1:1 basis, Coal injection rate in Blast Furnace at 120 Kg/thm.	Oct'08	Jul'10	8.85	49.97	--	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)	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	30.00	Capacity of discharge volume of 1,63,000 Nm ³ /hr at a pressure of 2.3 Kg/cm ²	Jan'09	Dec'09	26.63	40.16	--	Completed

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				BE	RE		Original	Now Anticipated	For Apri-Dec'09	Cumulative upto Dec'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	40.00	40.00	100,000 m ³ capacity	Jun'09	Dec'09	18.61	79.99	--	Completed
(vii)	700tpd Oxygen Plant	New Oxygen Plant to meet increasing requirement of oxygen, nitrogen & argon	302.70	100.00	130.00	700 tonne per day capacity	Jun'09	May'10	118.70	211.78	--	Delay in supply of booster air compressor from Atlas Copco, Germany. All imported equipment except part of Booster Air Compressor received at site. Two imported consignments were found to be defective on receipt and were sent back to Germany on 24.11.09 for rectification.
(viii)	Simultaneous Blowing of BOF Converters of SMS-II	For enhancing the production capacity of SMS-II	197.66	72.83	100.00	Enhancing production from 1.68 Mtpa to 1.85 Mtpa	Oct'09	Mar'10	68.75	95.96	--	Initial delay in availability of civil drawing
(ix)	Expansion of RSP	To increase the hot metal capacity to 4.5 mtpa	7721.94 (Part)	1400.00	890.00	Increase in Hot Metal capacity from 2.12 mtpa to 4.5 mtpa	--	--	629.86	1045.94	--	--

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				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(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	20.00	10.74	ATC capacity 90,000 Nm ³ /hr and OTC capacity 15,000 Nm ³ /hr	Nov'07	Apr'09	3.43	56.69	Benefits achieved as envisaged	Completed
(ii)	Coal Dust Injection in BF-2&3	Technical necessity for reduction in coke rate and improvement of the furnace productivity	133.92	20.00	22.00	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm.	May'08	Feb'10 (BF-3)	13.89	86.11	--	-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	30.00	15.00	Increase in storage capacity from 115,000 T to 202,500 T	Mar'08	May'09	9.19	108.77	Benefits achieved as envisaged	Completed
(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	30.00	22.00	Production of value added steels, improvement in lining life of converters.	Feb'08	Feb'10	11.06	59.86	--	-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.

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1	2	3	4	5	6	7	8	9	10	11	12	13
(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	20.00	6 no. of ESPs of capacity 900,000 m ³ /hr to control emission level of outlet dust at 150mg/Nm ³	Aug'10	Dec'11	7.49	27.06	--	Non-availability of shutdown for erection of ESP-6. Delay in submission of drawings by M/s SREPC.
(vi)	Installation of new Turbo Blower No. 8	To meet the enhanced cold blast (CB) requirement of BF-2	125.92	70.00	17.00	CB at blower discharge vol. of 4000 Nm ³ /min and discharge pressure of 3.9kg/cm ² at blower end.	Aug'09	May'11	4.55	9.97	--	Contract with M/s Roselectropom terminated fresh order placed on NICCO/SBW, China/MES, Japan
(vii)	Up gradation of BF-2	To increase the useful working volume and productivity	892.32	388.00	250.00	Useful volume will increase from 1758 to 2259 m ³ and productivity will be 2t/m ³ /day	Aug'09	Mar'10	235.87	483.91	--	Shutdown 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	100.00	Improve production & achieve latest pollution norms of MOEF.	Apr'10	Oct'10 (1 st battery)	61.36	119.06	--	Contractual schedule : 27 months from the date of site handover. Jul'10-COB-1 and Oct'10-COB-2

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1	2	3	4	5	6	7	8	9	10	11	12	13
(ix)	Expansion of BSL	Phasing out energy intensive units & introduction of energy efficient technology.	3858.62 (Part)	600.00	840.00	New Cold Rolling Mill complex of 1.2 mtpa	--	--	380.28	714.99	--	--
(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	150.00	Rebuilding with latest pollution norms of MOEF	Sep'09	Jun'10	93.97	226.45	--	Termination of contract of HSCL for civil work due to poor performance. Substantial increase in civil work based on design engineering by MECON.
(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	4090.00	2.7 MTPA hot metal, 2.5MTPA crude steel & 2.37 MTPA saleable steel.	Jul'10 1 st converter	Jun'11 (Integrated commissioning)	3336.06	5481.34	--	--
(e) Salem Steel Plant												
(i)	Expansion of SSP	To create steel making facilities with continuous casting & new CRM	2138.00	1002.00	994.00	To increase crude steel production from nil to 0.18 MT & saleable steel from 0.18 MT to 0.34MT.	Mar'10	Jun'10 (Integrated commissioning)	676.76	1201.16	--	--

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1	2	3	4	5	6	7	8	9	10	11	12	13
(f)	VISL											
(i)	Installation of Bloom Caster in SMS	Replacement of old ingot technology by continuous casting technology	84.90	24.00	25.00	Production of 1,25,000 tpa cast blooms	Feb'09	Sep'09	16.10	57.73	--	Completed
(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	60.00	--	Dec'09	Jun'10	31.29	43.32	--	Slow progress of design engg. and fabrication work by M/s Techpro. M/s Tecpro asked for expediting the site fabrication work and design engg.
2.	<u>RASHTRIYA ISPAT NIGAM LTD. (RINL)</u>											
(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	380.00	10.00	10.00	To produce 0.75 Mt of coke	Dec'06 which is 36 months from GOI approval (Dec'03)	Apr'09	11.39	317.29	To use COB-4 as a replacement battery.	Battery-4 Commissioned and is under regular operations.

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				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(ii)	Coke Oven Battery No. 4 Phase-II	Full utilization of gas and enhancing better realization of by-products by providing add. by-product facilities and balancing facilities in coal handling	312.00	35.00	35.00	Increase in recovery of by products	To be commissioned by Dec 2008 as per the approval of BOD	June'10	15.90	31.18	Increase in recovery of by products	Coal Side: Orders have already been placed for all 10 packages and works are under progress. Concreting 43%, Fabrication of Structures 70% and erection of structures 15% done. By-Product side: Out of 18 packages 17 packages orders have been placed and work is under progress, concreting 32%, Fabrication of Structures 48%, erection of structures 12% and Equipment erection 9% done. The balance one package i.e Benzol recovery & distillation plant, Envelop - 3 opened and price negotiation is in progress.
(iii)	Expansion to 6.3 Mtpa Liquid Steel	To increase the plant capacity	12228.00	1800.00	1800.00	Enhance production of Liquid Steel to 6.3 Mtpa from present level of 3Mtpa	36/48 months in phases from GOI approval which was received in Oct'05	Stage-I Mar - Dec'2010 Stage-II Jan - Dec,2011	1350.30	5393.61	Enhance production of liquid steel to 6.3 MTPA from present level of 3.0 MTPA.	(1) Orders for all major packages under expansion programme have already been placed. The execution of various packages at site including civil, structural, equipment supply and erection have already commenced and are at various stages. As per contractual schedule stage-I of expansion which includes installation of new Blast Furnace, New SMS and Finishing Mill along with associated units are to be completed progressively by March,2010. Efforts are being made to complete the erection work as per schedule so as to commission and stabilise the units during March- Sep'2010. (2) Additional two finishing mills under stage -II expansion are scheduled to be completed progressively by June'2011 - December-2011 and are under implementation. (SBM- Jan-Jul'2011 and SM - by Dec'2011).

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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	315.00	50.00	50.00	2 nos of 600 ton capacity at an estimated cost of about Rs.162 crs each.	To be commissioned by Sep 2007 as per approval of Board of Directors	AS-4 Jun'10 & AS-5 Dec'10	45.06	48.67	Will help in increasing production of liquid steel in SMS and hot metal in BF.	(1) ASU-4: Basic Engineering and Detailed engineering completed. Piling completed. Concreting-71%, Structural fabrication -55%, Structural erection-53% and Equipment erection -53% completed. Balance works progressing as per contractual schedule. (2) ASU-5: Piling work nearer to completion. Civil works at site commenced as per schedule. 90%Design & Engineering completed. Manufacturing of equipment commenced.

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1	2	3	4	5	6	7	8	9	10	11	12	13
(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	133.00	50.00	50.00	Increased production of hot metal. To reduce cost of production of hot metal.	To be commissioned by Oct 2007 as per the BOD approval	Aug'10	35.73	36.47	--	Orders placed on M/s. CERI-China and M/s. Simplex India as consortium on 21.11.2007. Imported equipments are expected at site at end of Feb '2010. Civil works about 57% completed, 50% of equipment supply received at site, 23% erection completed.
(vi)	Acquisition of iron ore Mine & coking coal mines	To achieve self-reliance for raw material and cost reduction.	600.00	20.00	10.00	RINL/VSP does not have captive source for coking coal/iron ore and outlay included to acquire mines	--	--	--	0.25	--	Persuading with 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.	480.84	50.00	15.00	Shall increase iron ore storage facility to 30 days	Sep'09	Dec'11	4.04	4.04	--	Orders placed for piling, site leveling, structural work & conveyor allied equipment and for remaining packages are under tendering process. Excavation works are also under progress and 62% completed. Piling work started and 18% completed.

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1	2	3	4	5	6	7	8	9	10	11	12	13
(viii)	330 TPH (6 th) Boiler with Auxiliaries	To supplement steam requirement	350.00	50.00	50.00	Shall add addl. process steam to meet the requirements of expansion units	Dec'09	Aug'10	33.47	84.40	To supplement steam requirements for expansion and help in generation of power.	Orders placed on M/s. BHEL-India on 26-9-2007 with completion schedule of Dec'09. There has been delay by M/s. BHEL in Design & Engineering and supply of equipment. The matter has been taken up with BHEL and also with Ministry of Heavy Industries and Public enterprises by VSP and Ministry of Steel from time to time. The progress has now picked up. As per the commitment by BHEL, expected to be ready by Aug'2010. Concreting 90%, Structural fabrication 86%, Structural erection 3%, Equipment supply 74% and Equipment erection 19% completed.
(ix)	67.5 MW TG-5 Power Evacuation System	To meet addl. Power requirement	358.00	50.00	50.00	Shall generate partly the power requirements of expansion units.	Dec'09	Jan'11	62.99	114.32	To meet continuous power requirement.	Concreting 81%, Structural fabrication 97.5%, Structural erection 53%, Equipment supply 80% completed.
(x)	Strengthening of 220KV system of APTRANSCO	To strengthen AP Power Grid for transmission of power of 400 MVA	86.00	50.00	7.88	It enables to receive contracted demand of 400 KVA for RINL on expansion	Sep'12	Sep'11	0.00	14.78	--	Site activities commenced and progressing as per schedule. Structural fabrication is under progress.

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1	2	3	4	5	6	7	8	9	10	11	12	13
(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.	58.10	65.00	--	To augment to receive 400MVA power at VSP	Jan'11	Feb'11	--	--	--	Tendering is in progress. Techno commercial bid opened and are in process
(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	50.00	--	To increase the production by 0.5Mt from 2Mt to 2.5Mt of Hot Metal	21 Months from LOI date. LOI expected to be placed by Mar'10	21 Months from LOI date. LOI expected to be placed by March'10	--	--	--	Poor response in first tendering (only 2 parties quoted). Retenders called. 5 parties responded and technical discussions are in progress.
(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	20.00	--	To increase the production from 5.5Mt to 6.8 Mt of sinter	By Mar'11	By Mar'11	--	--	--	Delay in project finalisation. BOD approval obtained. Consultant to be appointed.
(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	20.00	--	Technological necessity to change the converters	One Converter- Mar'11 Other Two - Mar'12	One Converter- Mar'11 Other Two - Mar'12	--	--	--	Nil response in first tendering. Retenders called (3 parties responded) and technical discussions are in progress.

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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 development a permanent railway siding at Mangalore.	55.00	5.00	--	<u>Handle receipt of 4mtpy iron ore at Mangalore</u>	--	New timelines will be fixed on obtaining necessary statutory clearance	--	--	Ref. col. 9	The land dispute has been resolved and payment for additional land released. Registration and other formalities completed. Detailed Project Report from KRCL has been received. Due to realignment of area further additional land is required which is under process, thereafter the proposal will be put up before the Board for approval.
(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 plant and Blast Furnace Unit.	60.00	5.00	--	<u>Supply of 4mtpy of iron ore for production of pellets</u>	--	New timelines will be fixed on obtaining necessary statutory clearance	--	--	Ref. col. 9	The land dispute has been resolved and payment for additional land released. Registration and other formalities completed. Detailed Project Report from KRCL has been received. Due to realignment of area further additional land is required which is under process, thereafter the proposal will be put up before the Board for approval.

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				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'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	--	<u>Production of 1,00,000 tpa of DISP</u>	Jan'11	New timelines will be fixed on obtaining necessary statutory clearance	--	--	Ref. col. 9	The company has floated a fresh global tender. Out of the three bids received only two bids were techno-commercially acceptable. The price bid of both the offers were opened and proposal has been put up to Board for consideration. However, the Board has advised to go ahead through a Jt. Venture partner for forward and backward integration in respect of Blast Furnace Unit. Further, the company is proceeding in this direction.
(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	--	Development of eco-tourism	--	New timeliness will be fixed on obtaining necessary statutory clearance	--	--	Ref. col. 9	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. However, since the company is in the process of obtaining permission for processing the weathered ore, this project is kept on hold.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2009-10		Quantifiable Deliverables / Projected Outcomes	Projected Outcomes		Actual Expenditure		Achievements w.r.t projected Outcomes in Col.7	Remarks/Risk factors
				BE	RE		Original	Now Anticipated	For Apr-Dec'09	Cumulative upto Dec'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 availability of coke at a cheaper price	100.00	10.00	--	To reduce raw material cost	--	24 months from obtaining of necessary clearances	--	--	Ref col. 9	Considering the high cost of coke being used at Blast Furnace, company aims at establishing a Coke Oven Plant at Mangalore through a Jt. Venture partner. This will reduce the raw material cost considerably.
4.	NMDC Ltd.											
(i)	Bailadila Deposit 11B	To increase production of iron ore	607.18	200.00	90.00	Capacity of 7mtpa	Oct'09	Sep'10	46.88	204.73	--	Works are in progress. Out of Rs. 320.18 crore allocated for Plant equipment amount utilized upto Dec'09 is Rs. 204.73 crore (cumulative). Mining equipment is being procured separately. Scheduled to be commissioned by Sep'10.
(ii)	Kumaraswamy Iron Ore Project	To increase production of iron ore	296.03	15.00	10.00	Phase-I capacity of 3mtpa	Dec'09	Please see column 13	0.19	4.18	--	All the statutory clearance have been obtained. Total project was split up in to 6 packages. M/s MECON has been appointed as Engineering Procurement Construction Management (EPCM) consultant. Against tender for Pkg-1 two offers have been received which is being processed further. Tendering of Pkg-2 has been done. Pkg-3 work has been decided to be retendered and issue of tender for this package will be done after award of package-1/it reaches final stages of award. Scope of package-5 split in to three sub-packages:- a) Packages V-A (Civil & Structural including water supply). B) Package V-B (Supply and erection of crane). C) Package V-C (Shop electrics and area lighting). Tender document would be submitted by MECON after its approval of corresponding packages of 11B.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2009-10		Quantifiable Deliverables/ Projected Outcomes	Projected Outcomes		Actual Expenditure		Achievements w.r.t projected Outcomes in Col.7	Remarks/Risk factors
				BE	RE		Original	Now Anticipated	For Apri-Dec'09	Cumulative upto Dec'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
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 Ltd.	391.00	50.00	12.00	The project will be producing Ferro Manganese 31000MT and Silico Mn. 75000 MT to cater the needs of SAIL	The project will be taken up in 08-09	The project will be taken up in 09-10	0.10	0.10	--	The project will be taken up by JVC, wherein MOIL and SAIL will have 50% share holding each and the Project implementation will be carried out by JV Company.
6. HINDUSTAN STEELWORKS CONSTRUCTION LTD												
(i)	Interest subsidy on term loan taken on VRS	To rationalize manpower through VRS	--	55.48	49.39	To reduce the employee strength to 1021		By the end of 2009-10	35.13	35.13	No. of employees has come down to 1089 as on 1.1.2010	--
B. Scheme of Ministry of Steel												
(i)	Scheme for promotion of R&D in the Iron & Steel sector	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	26.00	13.00	See Col. 3	2009-10	--	--	--	--	Expenditure Finance Committee has identified three broad areas under which the scheme will be promoted. In consultation with a Panel of Experts 7 nos. of R&D proposals have been short listed for consideration by the Project Approval & Monitoring Committee. The first meeting of PAMC is going to be held shortly when decision for release of grants to individual projects is expected to be taken.

CHAPTER - V

FINANCIAL REVIEW

For the year 2010-2011, 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 2010-11

The total financial requirements covered in Demand No. 91 for BE 2010-11, along with Budget Estimates and Revised Estimates for 2009-10, are summarized in the following Table :-

(Rs. in Crore)

Demand No. 91 for 2010-2011	BE 2009-10			RE 2009-10			BE 2010-11		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
REVENUE SECTION	26.00	89.01	115.01	13.00	811.19	824.19	35.00	78.92	113.92
CAPITAL SECTION	8.00	0.00	8.00	3.01	0.00	3.01	1.00	0.00	1.00
Total (Gross)	34.00	89.01*	123.01	16.01	811.19@	827.20	36.00	78.92#	114.92

* Includes provision of Rs. 7.65 cr. for accounting adjustments relating to waiver of guarantee fee.

@ Includes provision of Rs. 736.34 crore for accounting adjustments relating to waiver of guarantee fee (Rs. 7.65 cr.), write off of loan (Rs. 8.06 cr.) and waiver of interest (Rs. 720.63 cr.).

Includes provision of Rs. 7.30 cr. for accounting adjustments relating to waiver of guarantee fee.

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 2009-10 (BE & RE) and 2010-11 (BE) are given in the following table :-

(Rs. in crore)

No.	Major Head & Item of Expenditure	BE 2009-10	RE 2009-10	% age increase in RE over BE 2009-10	BE 2010-11	% age increase over BE 2009-10
I.	MH – 3451					
1.	Secretariat - Economic Services	19.71	19.18	-2.69%	18.05	-8.42%
II.	MH – 2852					
2.	Development Commissioner for Iron & Steel, Kolkata	0.81	0.90	11.11%	0.70	-13.58%
3.	Awards to Distinguished Metallurgists.	0.12	0.14	16.67%	0.14	16.67%
4.	Interest Subsidy :					
(i)	Subsidy to Hindustan Steelworks Construction Ltd. (HSCL) for payment of interest on loans raised from Banks for implementation of VRS	55.48	49.39	-10.98%	48.69	-12.24%
(ii)	Subsidy to MECON Ltd. for payment of interest on loans raised from banks for implementation of VRS	5.24	5.24	0.00%	4.04	-22.90%

No.	Major Head & Item of Expenditure	BE 2009-10	RE 2009-10	% age increase in RE over BE 2009-10	BE 2010-11	% age increase over 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	0.00%	6.10	0.00%
(ii)	MECON Ltd. – Waiver of guarantee fee in respect of Govt. guarantee for VRS loans/ bonds	1.55	1.55	0.00%	1.20	-22.58%
	<i>Less – Receipts netted [5(i) to (ii)]</i>	<i>-7.65</i>	<i>-7.65</i>	<i>-</i>	<i>-7.30</i>	<i>-</i>
6.	Write off of loan:					
(i)	Bird Group of Companies	0.00	8.06	8.06%	0.00	0.00%
	<i>Less-Receipts netted[6(i)]</i>	<i>0.00</i>	<i>-8.06</i>	<i>-</i>	<i>0.00</i>	<i>-</i>
7.	Waiver of interest:					
(i)	Bird Group of Companies	0.00	720.63	720.63%	0.00	0.00%
	<i>Less-Receipt Netted[7(i)]</i>	<i>0.00</i>	<i>-720.63</i>	<i>-</i>	<i>0.00</i>	<i>-</i>
	Total : Non- Plan Expenditure(Net of receipts)	81.36	74.85	-8.00%	71.62	-11.97%
	Total : Non- Plan Expenditure(Gross)	89.01	811.19	-811.34%	78.92	-11.33%

As per the advice of Ministry of Finance, in cases where there are no cash transactions, the provisions are to be netted.

The Non-Plan provision of the Ministry in RE 2009-10 exceeded the Non-Plan BE 2009-10 because of the additional provision obtained in the first batch of Supplementary Demands for Grants for 2009-10 for the following:-

(i) **Write off of loan of Rs. 8.06 crore**

As per the approved financial restructuring of Bird Group of Companies, a provision of Rs. 8.06 crore was obtained for carrying out accounting adjustments viz. Write off of loan (plan loan of Rs. 0.70 cr. and non-plan loan of Rs. 0.85 cr. in r/o KDCL + plan loan of Rs. 0.91 cr. and non-plan loan of Rs. 5.60 crore in r/o of SSL, a subsidiary of KDCL); and

(ii) **Waiver of outstanding interest of Rs. 720.63 crore**

As per the approved financial restructuring of Bird Group of Companies, a provision of Rs. 720.63 crore was obtained for waiver of outstanding interest accrued on Govt. loan (Rs. 624.20 cr.- in r/o BSLC, Rs. 15.46 cr. in r/o KDCL and Rs. 80.97 cr.– SSL) as on 31.3.2009, as an accounting adjustment.

As against BE 2009-10 (Non-Plan) of Rs. 89.01 crore the BE 2010-11 Non-Plan is Rs. 78.92 crore. Therefore, there is no increase in BE 2010-11 over the BE 2009-10.

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 scheme for promotion of R&D in the iron & steel sector being implemented by the Ministry during the 11th Plan (2007-12).

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 promote and accelerate R&D activities in development of innovative/path breaking technologies utilizing Indian iron ore fines and non-coking coal, improvement of quality of steel produced through induction furnace route and beneficiation of raw materials like iron ore, coal etc. and agglomeration (e.g. pelletization). The scheme was approved on 23.1.2009 for implementation during FY 2009-10 (w.e.f. 1.4.2009).

While the total Plan budgetary support of Rs. 34.00 crore in BE 2009-10 was reduced to 16.01 crore in RE 2009-10, a total plan budgetary support of Rs.36.00 crore has been provided in BE 2010-11. The details of Plan provisions are given in the table below:-

(Rs. in crore)

No	Name of Organisation/ PSU	Scheme	Plan BS 2009-10 (BE)	Plan BS 2009-10 (RE)	Plan BS 2010-11 (BE)	%age increase over BE 2009-10 in BE 2010-11
1.	HSCL	Plan loan for capital repair and procurement of construction equipments & machinery	7.00	3.00	1.00*	-85.71%
2.	Bird Group of Co.	Plan loan for Addition, Modification and Replacement (AMR) Schemes	1.00	0.00	0.00	0.00%
		Token provision for conversion of loan into equity	0.00	0.01	0.00	0.00%
3.	Ministry of Steel	Grants-in-aid for the scheme for promotion of R&D in the Iron & Steel sector	26.00	13.00	35.00	34.62%
Total			34.00	16.01	36.00	5.88%

* Token provision for restructuring of HSCL under consideration of the Govt.

In BE 2010-11, there is an increase in budget provision of Rs. 9.00 crore over the BE 2009-10 provision for 'Scheme for promotion of R&D in Iron and Steel Sector'. A token provision of Rs. 1.00 crore has been kept for HSCL in view of its restructuring which is under consideration of the Govt.

4. ACTUAL EXPENDITURE: 2005-06 TO 2009-10 (UPTO DEC'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:

(Rs, in crore)

Year	BE			RE			Actual Expenditure		
	Non-Plan	Plan	Total	Non-Plan	Plan	Total	Non-Plan	Plan	Total
2009-10	89.01	34.00	123.01	811.19 ⁽¹⁾	16.01	827.20	57.69	0.00	57.69#
2008-09	85.52	34.00	119.52	748.65	26.00	774.65	740.82 ⁽²⁾	0.00	740.82
2007-08	84.50	66.00	150.50	88.05	66.00	154.05	81.05	70.00 ⁽³⁾	154.05
2006-07	84.50	45.00	129.50	137.00	45.00	182.00	359.86 ⁽⁴⁾	45.72 ⁽⁵⁾	405.58
2005-06	74.53	15.00	89.53	84.50	15.00	99.50	77.15	15.00	92.15

Expenditure upto Dec;2009.

(1) includes (i) accounting adjustment of Rs. 7.65 crore pertaining to waiver of guarantee fee in respect of HSCL and MECON (ii) accounting adjustments of Rs. 728.69 crore relating to write off of loan (Rs. 8.06 crore) and waiver of interest (Rs. 720.63 crore) in respect of Bird Group of Companies as per approved financial restructuring of the companies.

- (2) 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.)
- (3) This includes Rs. 7.00 crore 'Capital Investment' in BRL approved in the 3rd and final Supplementary Grants for 2007-08.
- (4) 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.
- (5) 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 2010-11(BE)

Based on the Annual Plan, 2010-11 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 2010-11 (BE) for Ministry of Steel has been approved by the Planning Commission:

(Rs. in crore)

(a)	Gross Budgetary Support	36.00
(b)	Internal & Extra Budgetary Resources (I&EBR)	17163.82
(c)	Total Outlay (a+b) of Ministry of Steel	17199.82

Details of PSU-wise plan outlays for Annual Plan, 2009-10 (BE & RE) Annual Plan 2010-11 (BE) is given in the table below:

(Rs. in crore)

Name of the PSU/ Organisation	BE 2009-10			RE 2009-10			BE 2010-11		
	Outlay	IEBR	B.S.	Outlay	IEBR	B.S.	Outlay	IEBR	B.S.
A. Schemes of PSUs									
1. SAIL	10356.00	10356.00	0.00	10356.00	10356.00	0.00	12254.00	12254.00	0.00
2. RINL	2437.00	2437.00	0.00	2224.48	2224.48	0.00	4049.00	4049.00	0.00
3. SIIL*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. HSCL	7.00	0.00	7.00	3.00	0.00	3.00	1.00	0.00	1.00@
5. MECON Ltd.	2.00	2.00	0.00	5.00	5.00	0.00	2.00	2.00	0.00
6. BRL*	8.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. MSTC Ltd.	5.00	5.00	0.00	5.00	5.00	0.00	5.00	5.00	0.00
8. FSNL	11.80	11.80	0.00	12.00	12.00	0.00	12.00	12.00	0.00
9. NMDC Ltd.	700.00	700.00	0.00	543.00	543.00	0.00	611.00	611.00	0.00
10. KIOCL Ltd.	85.00	85.00	0.00	10.00	10.00	0.00	75.00	75.00	0.00
11. MOIL	102.25	102.25	0.00	65.36	65.36	0.00	115.82	115.82	0.00
12. Bird Group^	16.61	15.61	1.00	15.62	15.61	0.01#	40.00	40.00	0.00
13. Scheme for promotion of R&D in Iron & Steel sector	26.00	0.00	26.00	13.00	0.00	13.00	35.00	0.00	35.00
TOTAL - A	13756.66	13722.66	34.00	13252.46	13236.45	16.01	17199.82	17163.82	36.00
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	13756.66	13722.66	34.00	13252.46	13236.45	16.01	17199.82	17163.82	36.00

* No Plan outlay projected for SIIL and BRL for 2010-11 due to their merger with NMDC Ltd. and SAIL respectively.

@ Token provision for restructuring of HSCL under consideration of the Govt. #Token provision for conversion of loan into equity.

^A Govt. managed company.

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 2010-2011 for various schemes of the PSUs are given below:-

1. Out of the total outlay of **Rs.17199.82 crore** in Annual Plan 2010-11 (BE), an amount of **Rs.12254.00 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.4039.00 crore* has been provided for **Bhilai Steel Plant**. Major portion (Rs.3258 crore) of the total outlay is for modernization and expansion of the Plant. Balance outlay is for schemes like 700 TPD Oxygen Plant, Re-building of Coke Oven Battery (COB) No.6, Mining Rights/Railway track-Rowghat and other ongoing and new schemes.

(ii) Outlay of *Rs.300.00 crore* has been provided for **Durgapur Steel Plant**, of which Rs.180 crore is earmarked for expansion of the Plant. Other schemes covered under the outlay include implementation of ERP, Bloom Caster with associated facilities, Coal Dust Injection in BF- 3 & 4 and expenditure relating to Steel Processing Units at Srinagar and Kangra.

(iii) An amount of *Rs.2000.00 crore* has been provided for **Rourkela Steel Plant**. Major scheme included in the outlay is expansion of RSP (Rs. 1645 crore). Other schemes are Rebuilding of COB No.4, Installation of 700 TPD Oxygen Plant, Installation of Coke Oven Gas Holder, Simultaneous blowing of BOF Converters of SMS-II and other ongoing and new schemes.

(iv) An outlay of *Rs.1650.00 crore* for **Bokaro Steel Plant** has been provided for expenditure on expansion of Bokaro Plant (Rs.930 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.3600.00 crores* for **IISCO Steel Plant** is for Expansion of ISP (Rs.3432 crore), Rebuilding of COB No.10 (Rs.120 crore) and balance amount is for other ongoing and new schemes.

(vi) Outlay of *Rs.30.00 crore* for **Alloy Steels Plant** is for several completed and ongoing schemes costing less than Rs.20 crore.

(vii) Outlay of *Rs.200.00 crore* has been allocated for **Salem Steel Plant**. Major portion of the outlay is for Expansion of SSP (Rs.194 crore) and the remaining amount is for small value miscellaneous schemes.

(viii) Remaining outlay of *Rs.435.00 crore* have been provided for Visvesvaraya Iron & Steel Ltd. (Rs. 10 crore), Central Units of SAIL (Rs. 70 crore), Raw Materials Division (Rs. 345 crore), Maharashtra Electrosmelt Ltd. (Rs. 10 crore) for various ongoing and new schemes/ projects and research work.

2. An outlay of **Rs.4049.00 crore** has been provided for **Rashtriya Ispat Nigam Ltd.** Major portion of this outlay amounting to Rs. 2800 crore is earmarked for expansion of RINL's production capacity to 6.3 million tonnes of liquid steel. 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, Acquisition of iron Ore Mines & Coking Coal mines, 67.5 MW TG-5 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 2010-11 as Govt. of India has approved merger of SIIL with NMDC Ltd. and the merger process is likely to be completed soon.
4. Outlay of **Rs.1.00 crore** plan budgetary support has been provided for **Hindustan Steelworks Construction Ltd.** as a token provision for restructuring of the PSU under consideration of the Government.
5. No separate plan outlay has been kept for **Bharat Refractories Ltd.** as it has been merged with SAIL and re-named as SAIL Refractories Unit (SRU).
6. An outlay of **Rs. 611.00 crore**, to be met from I&EBR of the company, has been provided for **NMDC Ltd.** Plan outlay has been made for schemes/ projects like Bailadila Deposit-11B, Kumarswamy iron Ore Project, 3 million tonne Steel Plant in Chhattisgarh, Pelletisation Plant at Donimalai and Bacheli, AMR/Township and R&D schemes etc.
7. Outlay of **Rs. 75.00 crore** has been provided for **KIOCL Ltd.**, of which Rs. 38 crore is for AMR schemes, Other schemes included in the outlay are Ductile Iron Spun Pipe Plant, development of infrastructure for receipt of iron ore by rail at Mangalore, R&D/ feasibility studies, Coal Injection System in Blast Furnace etc. Outlay is being met from I&EBR of the company.
8. Outlay of **Rs.115.82 crore** for **Manganese Ore (India) Ltd.** has been provided for investment in joint venture for Ferro Manganese/ Silico Manganese Plant with SAIL (Rs.40 crore), Ferro Manganese Plant at Bobbili in joint venture with RINL (Rs.15 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. 40.00 crore** for **Bird Group of Companies** is for Afforestation & Lease matters, Mineral & Ore based exploration activities and AMR schemes. The total 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 expansion, modification & augmentation 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 launching new schemes.
12. Outlay of **Rs. 12.00 crore** provided for **Ferro Scrap Nigam Ltd.**, to be met out of the company's I&EBR, is for AMR schemes.

13. Provision of **Rs. 35.00 crore** has been made for **Scheme for Promotion of Research & Development in 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.

6. PLAN OUTLAY AND ACTUAL EXPENDITURE DURING 2007-08, 2008-09 and 2009-10 (UPTO JAN'09) OF 11TH FIVE YEAR PLAN (2007-12)

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	50.27	0.00	50.27
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	8529.33	0.00	8529.33
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	0.00	18.50	18.50	0.00	18.50	18.50	0.00	0.00	0.00
GRAND TOTAL - A + B	9509.00	34.00	9543.00	8065.82	26.00	8091.82	8529.33	0.00	8529.33

As may be seen from the above tables that the utilization of plan funds during 2007-08 was 61.75% of BE provision while the percentage of utilization of funds during the 2008-09 reached to 89.37%.

It may be mentioned here that Ministry of Steel has been exempted from earmarking 10% of its Budget for the North-Eastern Region, including Sikkim.

C. Plan outlay vis-à-vis expenditure during 2009-10

PSU-wise Plan outlays for Annual Plan 2009-10 (BE & RE) and actual expenditure (upto Jan'10) is given in the table below:

(Rs. in crore)

	Name of the PSU/ Organisation	BE 2009-10			RE 2009-10			Actual Expenditure (upto Jan'10)		
		IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
A. Schemes of PSUs										
1	SAIL	10356.00	0.00	10356.00	10356.00	0.00	10356.00	9014.00	0.00	9014.00
2	RINL	2437.00	0.00	2437.00	2224.48	0.00	2224.48	1815.93	0.00	1815.93
3	SIIL*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	HSCL	0.00	7.00	7.00	0.00	3.00	3.00	0.00	0.00	0.00
5	MECON	2.00	0.00	2.00	5.00	0.00	5.00	3.64	0.00	3.64

(Rs. in crore)

	Name of the PSU/ Organisation	BE 2009-10			RE 2009-10			Actual Expenditure (upto Jan;10)		
		IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
A.	Schemes of PSUs									
6	BRL**	8.00	0.00	8.00	0.00	0.00	0.00	0.00	0.00	0.00
7	MSTC	5.00	0.00	5.00	5.00	0.00	5.00	1.81	0.00	1.81
8	FSNL	11.80	0.00	11.80	12.00	0.00	12.00	8.19	0.00	8.19
9	NMDC Ltd.	700.00	0.00	700.00	543.00	0.00	543.00	256.92	0.00	256.92
10	KIOCL Ltd.	85.00	0.00	85.00	10.00	0.00	10.00	1.85	0.00	1.85
11	MOIL	102.25	0.00	102.25	65.36	0.00	65.36	18.93	0.00	18.93
12	Bird Group	15.61	1.00	16.61	15.61	0.01#	15.62	0.84	0.00	0.84
	TOTAL-A	13722.66	8.00	13730.66	13236.45	3.01	13239.46	11122.11	0.00	11122.11
B.	Scheme of Ministry of Steel									
	1. Scheme for promotion of R&D in Iron & Steel sector	0.00	26.00	26.00	0.00	13.00	13.00	0.00	0.00	0.00
	TOTAL – B	0.00	26.00	26.00	0.00	13.00	13.00	0.00	0.00	0.00
	GRAND TOTAL: A + B	13722.66	34.00	13756.66	13236.45	16.01	13252.46	11122.11	0.00	11122.11

* No plan outlay projected for SIIL in 2009-10 due to its merger with NMDC Ltd. under process.

** Merged with SAIL. # Token provision for conversion of loan into equity.

As may be seen from the above that the utilization of plan funds during the during 2009-10 (upto January, 2010) is 80.85% of approved BE provision.

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 31.12.2009, 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 31.12.2009, is given below:

(Rs. in crore)

Unspent balance at the end of 2008-09 i.e. as on 31.3.2009	Amount released during 2009-10 (April'09 – Dec'09)	Amount utilized during 2009-10 (April'09 – Dec'09)	Unspent balance as on 31.12.2009
0.00	35.39	35.39	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 31.12.2009.

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.

In pursuance of the Order of amalgamation issued by the Ministry of Corporate Affairs under Section 396 of the Companies Act, 1956 on 28.7.2009, Bharat Refractories Limited (BRL), a PSU under Ministry of Steel has been merged and amalgamated with Steel Authority of India Limited (SAIL) w.e.f. 1.4.2007. After the merger with SAIL, the erstwhile BRL has been renamed as 'SAIL Refractory Unit'.

1.2 The Authorized Capital of SAIL is Rs. 5000.00 crore. The paid-up capital is Rs.4130.40 crore as on 31st March, 2009, 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	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE (Excluding MEL)	RE	Actual (upto Dec'09)*	BE
(i)	Hot Metal	14606	15199	14442	13520	#	10908	14000
(ii)	Crude Steel	13506	13962	13411	12949		10175	13570
(iii)	Saleable Steel	12581	13044	12503	11750		9366	12350
(iv)	Pig Iron	509	441	267	86		216	106

1.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)*	BE
(i)	Income	41419	48278	53718	40515		32634	
(ii)	Operating Cost	30453	35323	42776	36488		24302	
(iii)	Gross Margin	10966	12955	10942	4028		8331	
(iv)	Profit (Loss) before Tax	9423	11469	9403	1707		7065	
(v)	Profit (Loss) after Tax	6202	7537	6175	1095	#	4669	#
(vi)	Dividend paid/ proposed	1280	1528	1074	826		661	
	<i>of which:</i>							
	Dividend proposed to the Govt. of India	1099	1312	922	709		567	

* Includes SAIL Refractory Unit(SRU) results, an erstwhile Bharat Refractories Limited merged with SAIL.
SAIL is a listed company and is required to follow conditions of Listing Agreement prescribed by Stock Exchange(s). As per Listing Agreement stock sensitive information is required to be intimated to Stock Exchange (s) before it is widely disclosed. As such, disclosure of financial performance for RE 2009-10/BE 2010-11 is highly stock sensitive and would violate listing agreement.

1.5 As may be seen from the above table, the physical and financial performance of SAIL during has been quite impressive during 2006-07 and 2007-08. However, during 2008-09, the performance of the company on both accounts was adversely affected due to decrease in total sales volume of saleable steel, escalation in inputs prices, particularly of indigenous and imported coal, coke, ferro-alloys, increase in ocean freight on coal, increase in railway freight and demurrage, power, fuel and global recessionary trends.

During nine months of 2009-10 (April-Dec;09), SAIL reported a turnover of Rs. 30929 crore, a decrease of 13.3.% over corresponding period last year (CPLY) i.e. 2008-09 (Rs. 35674. crore). SAIL achieved profit before tax and profit after tax of Rs. 7075 crore and 4669 crore respectively upto end of third quarter (April-Dec) of 2009-10, almost at par with those of the corresponding period last year.

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 has earned of Rs. 1385 crore on short term deposit with scheduled banks as compared to Rs. 1222 crore during corresponding period last year. However, Debt-equity ratio increased from 0.27:01 as on 31.3.2009 to 0.47:1 as on 31.12.2009 due to increase in loans on account of working capital requirements and capital expenditure. It may be mentioned here that that the debt-equity ratio on 31.3.2004 was 1.87:1.

SAIL has planned to enhance its hot metal production capacity from the level of 13.82 million tonnes per annum to 23.46 million tonnes under its current phase of expansion and modernization which is expected to be completed by financial year 2012-13. In Phase-II, SAIL would increase its capacity further to 26.18 million tonnes.

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.

The company has drawn its' Corporate Plan aiming to reach 16 million tonnes by 2019-20 in phases and presently executing its first phase of expansion of liquid steel production to 6.3 million tonnes from 3.0 million tonnes by 2011-12. 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 estimated cost has been revised to Rs. 12,228 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.

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 31st March, 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	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual(Prov) (upto Dec'09)	BE @
(i)	Hot Metal	4046	3913	3546	3690	3690	2882	4060
(ii)	Liquid Steel	3606	3322	3145	3250	3250	2449	3515
(iii)	Saleable Steel	3290	3075	2701	3080	3080	2274	3100
(iv)	Pig Iron	352	495	322	352	352	359	454

2.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (Prov.) (upto Dec'09)	BE @
(i)	Income	9787.78	11680.61	12303.61	10324.47	10526.04	8050.71	10876.88
(ii)	Operating Cost	7154.90	8165.68	9948.10	9617.75	9555.99	7089.27	9876.88
(iii)	Gross Margin	2632.88	3514.93	2355.51	706.71	970.05	961.44	1000.00
(iv)	Profit (Loss) before Tax	2222.34	2995.36	2026.59	401.71	640.55	721.91	438.21
(v)	Profit (Loss) after Tax	1363.43	1942.74	1335.57	260.75	418.40	464.45	126.63
(vi)	Dividend paid/ proposed#	--	--	--	339.18	339.18	339.18	--
	of which:							
	Dividend paid/ proposed to the Govt. of India	--	--	--	339.18	339.18	339.18	--

@ As per MoU 2010-11 cleared with ATF awaiting signing the document with Ministry of Steel.

Board of Directors resolved to pay dividend @ 7% on preference share capital and 10% of PAY for the year 2008-09 to equity share holders. Accordingly, dividend declared for the year 2008-09 was paid during 2009-10.

2.5 The company undertook several initiatives to improve its performance in all the areas of operation. These concerted efforts resulted in improvement in the production performance of the company from 2001 onwards and the company turned around making a Net Profit for the first time in 2002-03. The company could wipe out its accumulated losses completely by the end of the year 2005-06. Presently, 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 impacted steel industry severely eroding profitability. Further continuance increase or iron ore prices and very High Coking Coal prices due to huge carry forward quantity of 2008-09 LTS also severely affected the profitability of 2009-10. 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.

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 The Government of India has approved on 22.5.2008, the merger of SIIL with NMDC Ltd. Ministry of Corporate Affairs has accorded the sanction of amalgamation of SIIL with M/s. NMDC Ltd. on 18.1.2010. The remaining legal process is expected to be completed shortly in co-ordination with M/s. NMDC Ltd.

3.4 PHYSICAL PERFORMANCE

(Quantity in tonnes)

No	Item	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)	BE
(i)	Sponge Iron Production	55194	43331	30489	34000	*	24076	*
(ii)	Sponge Iron Sales	54670	44447	25203	34000		28671	

* RE 2009-10 as well as BE 2010-11 was not prepared due to ongoing merger with M/s NMDC Ltd.

3.5 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (upto Dec'09)	BE
(i)	Income	56.32	59.15	52.67	38.10	*	35.61	*
(ii)	Operating Cost	50.02	49.27	53.96	55.83		45.96	
(iii)	Gross Margin	7.56	11.31	0.06	-16.33		-9.27	
(iv)	Profit (Loss) before Tax	6.29	9.88	-1.29	-17.33		-10.35	
(v)	Profit (Loss) after Tax	4.02	6.47	-0.92	-17.33		-10.35	
(vi)	Dividend paid/proposed	0.81	1.30	Nil	Nil		Nil	
	<i>of which:</i>							
	Dividend proposed to the Govt. of India	0.80	1.29	Nil	Nil		Nil	

* RE 2009-10 as well as BE 2010-11 was not prepared due to ongoing merger with M/s NMDCL Ltd. Non availability of raw material in required quantity and depressed market conditions resulted in low physical and financial performance of the company 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. HSCL is an ISO 9001-2000 company and its capabilities cover almost every field of construction activity.

4.2 As on 31st March, 2009, the Authorized 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	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (upto Dec'09)	BE (MOU) proposed
(i)	Order Booking	781.00	940.00	871.00	650.00	650.00	691.24	960.00

4.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)	BE (MOU) proposed
(i)	Income	433.33	526.18	721.26	650.00	650.00	538.47	775.00
(ii)	Operating Cost	403.16	485.97	656.63	605.00	605.00	506.68	726.37
(iii)	Gross Margin (PBIDT)	30.17	40.21	64.63	45.00	45.00	31.79	48.63
(iv)	Profit (Loss) before Tax	-83.50	-26.72	-6.88	-54.83	-54.83	-42.48	-53.88
(v)	Profit (Loss) after Tax	-83.50	-26.72	-6.88	-54.83	-54.83	-42.48	-53.88
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<i>of which:</i>							
	Dividend proposed to the Govt. of India	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. During last four years, the company has registered growth rate till 2008-09 as Turnover increase 27%(CAGR), Order Booking 26%(CAGR) and Gross Margin 28%(CAGR). Presently, a proposal for restructuring of HSCL is under consideration of the Government.

5. MECON LTD.

5.1 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.

5.2 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.

As MECON is a consultancy organisation, it is not possible to give the physical performance of the company. The total business procurement by the company was Rs. 1239.96 in financial year(FY) 2007-08, Rs. 968.92 crore in FY 2008-09 and Rs. 108.16 crore in FY the current financial year 2009-10 (up to Dec; 2009).

5.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)	BE
(i)	Income	396.62	504.15	614.66	515.10	650.67	522.05	493.00
(ii)	Operating Cost	345.82	438.78	528.46	439.10	530.00	403.09	450.00
(iii)	Gross Margin	50.80	65.37	86.20	76.00	120.67	118.96	43.00
(iv)	Profit (Loss) before Tax	23.38	39.53	74.76	64.50	110.52	110.49	36.50
(v)	Profit (Loss) after Tax	20.38	33.32	65.88	55.00	82.89	82.87	36.50
(vi)	Dividend paid/ proposed	Nil	1.00	3.15	3.15	3.15	-	3.15
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	Nil	1.00	3.15	3.15	3.15	-	3.15

5.5 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.

6.0 MSTC LTD.

6.0.1 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 including Ministry of Defence.

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

6.0.2 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.

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

6.0.3 PHYSICAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (upto Dec'09)	BE
(i)	Marketing	4235	6345	8881	4780	3800	3382	4000
(ii)	Agency	3495	5579*	11121*	5370	6100	3901	6000

* Including e-procurement.

6.0.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (upto Dec'09)	BE
(i)	Income	3100.06	5197.11	7082.09	4924.04	3920.00	2209.02	4128.00
(ii)	Operating Cost	3006.66	5058.78	6950.00	4830.34	3844.50	2136.96	4050.00
(iii)	Gross Margin	93.40	138.33	132.09	93.70	75.50	72.06	78.00
(iv)	Profit (Loss) before Tax	90.87	134.47	129.53	91.10	73.50	70.42	75.50
(v)	Profit (Loss) after Tax	59.00	92.20	85.05	60.15	48.51	43.48	49.83
(vi)	Dividend paid/ proposed	11.88	18.48	17.05	12.03	9.70	--	9.97
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	10.69	16.63	15.34	10.82	8.73	--	8.97

6.1 FERRO SCRAP NIGAM LIMITED (FSNL)

6.1.1 Ferro Scrap Nigam Limited (FSNL) is a 100 % subsidiary of MSTC Ltd. 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.

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

6.1.3 PHYSICAL PERFORMANCE

No	Item	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)	BE
(i)	Recovery of Scrap (in lakh M.T.)	22.04	23.77	22.63	22.50	22.50	17.39	24.80
(ii)	Market Value of Production (Rs.in Crore)	969.68	1045.95	995.82	990.00	990.00	765.05	1091.33

6.1.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)	BE
(i)	Income	110.63	128.22	137.30	141.98	141.98	100.93	151.75
(ii)	Operating Cost	95.20	112.48	120.47	123.64	123.64	85.17	132.05
(iii)	Gross Margin	15.37	15.86	16.83	18.34	18.34	15.76	19.70
(iv)	Profit (Loss) before Tax	3.08	2.01	4.31	3.09	3.09	3.95	4.05
(v)	Profit (Loss) after Tax	1.26	0.73	2.23	2.01	2.01	2.61	2.67
(vi)	Dividend paid/proposed	0.29	0.47	0.52	0.00	0.00	0.00	0.00
	<i>Of which :</i>							
	Dividend paid/proposed to the Govt. of India#	0.29	0.47	0.52	0.00	0.00	0.00	0.00

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

6.1.5 FSNL's performance depends upon scrap in the slag and scrap generation in various forms. For the period 2006-07 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 resulting in shortfall in Gross Margin, PBT & PAT. 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.

7. NMDC Ltd.

7.1 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 taking up new product development though its intensive R&D efforts for production of High Tech and High Value added product from blue dust such as Ferric Oxide, Iron Powder etc. 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 and India's only mechanized Diamond mine at Panna (MP). The company, after a gap of four years, has restarted its mining activities as Panna Diamond in Madhya Pradesh.

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 also 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.

7.2 Against an authorized share capital of Rs.400.00 crore, the issued and paid up capital was 396.47 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.

7.3. PHYSICAL PERFORMANCE

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (Prov) (upto Dec'09)	BE
(i)	PRODUCTION:							
	IRON ORE (LAC MT)	262.31	298.16	285.15	236.00	210.00	169.02	180.00
	DIAMONDS (CARATS)	1703	-	-	-	15000	9317	35000
(II)	SALES							
	IRON ORE (LAC MT)	255.89	281.84	264.72	242.00	215.00	172.06	205.00
	DIAMONDS (CARATS)	14588	2632	-	-	15000	252	35000

7.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (Prov) (upto Dec'09)	BE
(i)	Income	4534.04	6412.01	8575.46	6122.00	5769.00	4916.88	5366.00
(ii)	Operating Cost	952.25	1401.08	1850.21	1627.00	1709.00	1222.98	1698.00
(iii)	Gross Margin (1-2)	3581.79	5010.93	6725.25	4495.00	4060.00	3693.90	3668.00
(iv)	Depreciation/DRE	83.48	63.46	77.02	83.00	71.00	51.26	98.00
(v)	Profit (Loss) before Tax	3498.31	4947.47	6648.23	4412.00	3989.00	3642.64	3570.00
(vi)	Profit (Loss) after Tax	2320.21	3250.98	4372.38	2912.00	2633.00	2404.59	2357.00
(vii)	Dividend paid*/ Proposed	465.19	651.53	876.20	582.00	-	-	-
	<i>Of which :</i>							
	Dividend paid/ proposed to the GOI	457.67	641.00	862.04	573.00	-	-	-

7.5 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 33.74% from 6412.01 crore in 2007-08 to 8575.46 crore in 2008-09. The

profit before tax has increased by 34.38% from 4947.47 crore in 2007-08 to 6648.23 crore in 2008-09. Due to the recessionary conditions, NMDC could achieve a production of 285.15 LMT of iron ore during 2008-09 against 298.16 LMT in 2007-08 and sales of 264.72 LMT of iron ore in 2008-09 against 281.84 LMT in 2007-08.

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

8. KIOCL Ltd.

8.1 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.

8.2 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.

8.3 PHYSICAL PERFORMANCE

(In million tonnes)

No	Item	2006-07	2007-08	2008-09	2009-10		2010-11	
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)	BE
(i)	Pellet (incl. fines)	0.630	1.927	1.316	2.650	0.532	0.573	2.780
(ii)	Pig Iron (incl. auxiliary)	Nil	0.157	0.118	0.170	0.062	0.062	0.100

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

8.4 FINANCIAL PERFORMANCE*(Rs. in crore)*

No	Item	2006-07	2007-08	2008-09	2009-10			2010-11
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'09)	BE
(i)	Income	368.87	1565.41	1422.15	2047.61	479.76	487.22	1811.14
(ii)	Operating Cost	317.05	1353.67	1354.48	1851.92	654.84	615.79	1744.76
(iii)	Gross Margin	51.81	211.74	67.67	195.69	-175.08	-128.57	66.38
(iv)	Profit (Loss) before Tax	19.94	156.51	24.18	147.79	-250.27	-184.87	31.48
(v)	Profit (Loss) after Tax	13.77	108.16	22.01	97.56	-250.27	-184.87	20.78
(vi)	Dividend paid/ proposed	Nil	21.63	6.34	19.51	-	-	-
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	Nil	21.42	6.28	19.32	-	-	-

8.5 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.

8.6 Due to 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 was selling very less quantity of pellets. The production activities were stopped since January, 2009 for plant maintenance and restarted in July, 2009. This has resulted in shortfall in physical and financial performance of the company.

9. MANGANESE ORE (INDIA) LIMITED (MOIL)

9.1 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.

MOIL has also entered into joint ventures with SAIL and RINL for setting up Ferro Alloys manufacturing units at Nandini near Bhilai and Bobbili near Visakhapatnam, mainly to cater the Ferro alloys requirement of these companies. The projects are at initial stages and the implementation will be taken up by JV companies total cost of these two projects are estimated at Rs. 608.00 crore and MOIL share of investment in these two projects is estimated to be Rs. 152.00 crore (approximately).

9.2 The Authorized Capital of the company is Rs.250.00 crore and the Issued and Paid - up capital as at the end of 31st December, 2009 was Rs.168.00 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.

9.3. PHYSICAL PERFORMANCE

(Production in MT)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (upto Dec'09)	BE
	PRODUCTION:							
(i)	Manganese Ore	1047021	1364575	1175318	1175000	1075000	793926	1075000
(ii)	Electrolytic Manganese Dioxide	1312	1122	1240	1300	1300	807	1300
(iii)	Ferro Manganese	10200	11130	10120	10000	9000	6895	10000

9.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual Upto Dec'09	BE
(i)	Income	451.82	1030.04	1407.99	755.62	726.52	746.08	743.03
(ii)	Operating Cost	221.59	286.49	435.66	388.54	383.35	299.11	404.06
(iii)	Gross Margin	210.21	750.98	1031.42	410.31	391.48	445.49	383.75
(iv)	Profit before Tax	201.15	734.91	1006.76	382.47	363.25	424.09	353.50
(v)	Profit after Tax	134.21	479.82	663.79	252.47	239.78	279.94	233.34
(vi)	Dividend paid/ proposed	28.00	96.60	133.00	-	-	-	-
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	22.84	78.80	108.49	-	-	-	-

There is no shortfall in physical and financial performance of MOIL vis-à-vis targets. Infact, the performance of the company on both counts has exceeded the targets, except production of Electrolytic Manganese Dioxide.

10. 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.

The Government of India has approved the restructuring the Bird Group of Companies on 10.09.2009. As per the restructuring, OMDC and BSLC will be made subsidiaries of EIL, which in turn will be made subsidiary of RINL, thus bringing EIL, OMDC and BSLC under the umbrella of RINL. The other two companies would be phased out.

10.1 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 authorized as well as paid - up capital of the company is Rs.0.60 crore. As per the approved restructuring, OMDC will be made subsidiary of EIL.

10.1.1 PHYSICAL PERFORMANCE

(In lakh MT)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (Prov.) (upto Dec'09)	BE
1.	<u>Production</u>							
	Iron Ore	22.30	17.28	16.60	18.00	6.31	5.51	20.00
	Manganese Ore	0.27	0.82	0.32	0.60	0.19	0.17	0.42
	Sponge Iron	0.11	0.11	0.03	0.18	0.10	0.07	0.18
2.	<u>Despatch</u>							
	Iron Ore	21.16	16.63	17.34	17.70	9.52	5.72	20.00
	Manganese Ore	0.39	0.86	0.26	0.60	0.24	0.19	0.42
	Sponge Iron	0.05	0.17	0.02	0.18	0.06	0.04	0.18

10.1.2 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (Prov.) (upto Dec'09)	BE
(i)	Income	338.39	302.54	348.69	348.00	195.00	127.57	340.00
(ii)	Operating Cost	75.48	74.66	59.39	96.00	55.00	35.74	130.00
(iii)	Gross Margin	262.91	227.88	289.29	252.00	142.50	91.83	213.00
(iv)	Profit (Loss) before Tax	258.99	224.46	286.24	248.00	140.00	89.94	210.00
(v)	Profit (Loss) after Tax	173.47	148.84	181.81	163.70	92.41	59.22	138.62
(vi)	Dividend paid/ proposed	26.02	22.32	27.30	24.56	-	-	-
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	3.70	3.17	3.88	3.49	-	-	-

Note: The figures for RE 2009-10 and BE 2010-11 are provisional subject to the lease will renewed and environment and forest clearance will be obtained.

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. The outcome of the renewal application shall have impact on the performance of the company.

10.2 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 Bimitrapur in the district of Sundargarh, Orissa. The authorised as well as paid up capital of BSLC is Rs.0.50 crore. As per the approved restructuring, BSLC will be made subsidiary of EIL.

10.2.1 PHYSICAL PERFORMANCE

(In lakh MT)

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (Prov.) (upto Dec'09)	BE
1.	Production							
(i)	Limestone	2.58	2.83	2.06	2.00	2.00	1.53	3.60
(ii)	Dolomite	7.04	8.31	8.64	9.00	9.00	7.19	6.00
2.	Despatch							
(i)	Limestone	2.17	2.42	2.02	2.00	2.00	1.51	4.80
(ii)	Dolomite	7.08	8.27	7.95	9.00	9.00	6.98	7.80

10.2.2 FINANCIAL PERFORMANCE*(Rs. in crore)*

No	Item	2006-07 (Actual)	2007-08 (Actual)	2008-09 (Actual)	2009-10			2010-11
					BE	RE	Actual (Prov.) (upto Dec'09)	BE
(i)	Income	40.66	45.82	50.85	60.00	56.14	41.24	89.00
(ii)	Operating Cost	35.98	44.63	45.43	49.29	50.81	38.20	69.60
(iii)	Gross Margin	4.52	1.19	5.43	10.71	5.33	3.04	19.40
(iv)	Profit (Loss) before Tax	-66.63	-81.60	-91.35	-102.13	4.49	2.41	18.80
(v)	Profit (Loss) after Tax	-66.65	-81.61	-91.38	-102.13	4.49	2.41	12.41
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	<i>Of which</i>							
	Dividend paid/ proposed to the Govt. of India							

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 since 2006-07, it still faces difficulty in sustaining growth due to various problems.
