

## DISTRIBUTIONS OF IRON AND STEEL ITEMS TO SSI SECTOR FOR THE YEAR 2012-13

The Government has a scheme for routing the allocation of Iron and Steel materials from main producers like SAIL, RINL and TATA Steel to SSI units, and other Government departments (up to 30% of the total allocation) through the State Small Scale Industries Corporations (SSICs) and National Small Industries Corporation (NSIC). In 2008 the Government of India has decided to nominate NSIC as an agency parallel with SSICs for distribution of steel material to SSI units in states where SSICs also operate. In order to ensure that small scale industries obtain these raw materials at reasonable prices, the Government provides nominal handling charges of approximately Rs. 500-550/- per metric tonne to the Corporations so that the Corporations supply the steel material at the doorstep of the SSI units.

2. A "Small Scale Industries Coordination and Review Committee" functions under Chairmanship of Joint Secretary (Steel). Secretaries of Small Scale Industries of state Governments, Managing Directors (MDs) of State Small Scale Industries Corporations, Chairman-cum-Managing Directors (CMD) of National Small Industries Corporation Ltd., CMD/MD of main steel producers like SAIL, RINL, TATA Steel and producers' associations are the Members of the Committee. The Committee meets once in every quarter. The functions of the Committee are:

- \* To suggest measures for formulation of policy guidelines for proper supply of iron and steel items to SSI sector and allocations to the Corporations.
- \* To review the performance of the Corporations.
- \* To identify the problem areas and various bottlenecks and suggest measures, both short term and long term, for the assured supply of steel materials to the SSI sector.

3. Based on the allocation made in the year 2011-12, a quantity of 7,09,189 Metric Tonne of iron and steel material will be allocated to the SSICs and NSIC for the year 2012-13.

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4. INSTRUCTIONS FOR ALLOTMENT OF STEEL MATERIALS

- a. The Producers and SSICs/NSIC may enter into contracts for deliveries of Iron and Steel items to SSI Sector for a minimum period of 3 months, on mutually agreed terms and conditions.
  - b. SSI units irrespective of their size may procure iron and steel items from any source of their choice, i.e. either through Corporations or direct from the producers. Corporations/Producers should ensure that the materials are being supplied to actual users only.
  - c. In case a Corporation exhausts its quarterly allocation it can utilize allocation of the next quarter.
  - d. Inter-category adjustment has been allowed for the iron and steel items not allocated for the year.
  - e. Request for additional allocation will be considered, provided a Corporation exhaust 50% of its annual allocation.
5. In case of poor lifting, the allocated quantity may be distributed through the State Industrial Development Corporations (SIDC) or through an association of users nominated by State Government or State Industries Development Corporation.
6. Distribution Policy guidelines for allocation and lifting of Iron and Steel items are given at Annexure.

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## ANNEXURE

### POLICY GUIDELINES FOR ALLOCATION AND LIFTING OF IRON & STEEL MATERIALS BY SSICs & NSIC

- 1) Category-wise allocations will be made on an annual basis, irrespective of section, shape and size.
- 2) To enable the producers to take up proper planning and supply, 25% of the individual annual allocation may be treated as quarterly allocation. Each Corporation must register their specific requirement for each category size/grade-wise at least 15 days in advance of the quarter. This may be strictly adhered to.
- 3) In case Corporations exhaust their quarterly allocation they can register and utilize allocation of the next quarter
- 4) Based on the registration, the producers shall indicate the offered quantity to the individual SSICs/NSIC. The producers shall endeavour to honour the entire registered quantity. In case the offer is less than the registered quantity, the balance may be carried forward to the next quarter. If the SSICs/NSIC fail to lift any part of the quantity offered by the producers, the same can be adjusted in the next quarter.
- 5) The review of supply against the allocation shall be based on the quantity registered, the quantity offered and the quantity lifted against the offer.
- 6) Adjustment of material from one category to another category may be permissible subject to availability with the producer.
- 7) Inter-category adjustment has been allowed for the iron and steel items not allocated for the year.
- 8) Permissible limit for supply of allocated materials to Government departments by the SSICs/NSIC will be 30%.
- 9) SSICs/NSIC will be paid handling charges by the main producers on the materials lifted by them at the time of delivery/invoice stage.
- 10) For the purpose of examination of handling charges claims, a joint monthly statement signed by the SSICs/NSIC and the main producers indicating the supply made by the main producers during the previous month shall be submitted to the Ministry of Steel and the JPC by the 10<sup>th</sup> of the following month. In case of failure to ensure timely submission of the joint statement, the handling charges may be discontinued at the invoice stage.

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- 11) JPC shall within seven days scrutinize the claims and after proper and due verification of such claims may make payment of handling charges to main producers.
- 12) Handling charges on inter-category adjustment within the overall allocation limits may be permissible based on the joint statement signed by the main producer and SSICs/NSIC.
- 13) Under no circumstances SSICs/NSIC shall attempt to sell the material to non-eligible categories, viz. traders. If deviation from this procedure is detected, Ministry of Steel may direct JPC to discontinue the payment of handling charges to the SSICs/NSIC and supplies shall also be stopped.
- 14) SSICs/NSIC must submit Utilization Certificate (UC) to the Ministry of Steel and JPC by 20th of next month after expiry of each quarter. Non-submission of UC in time may disqualify the SSICs/NSIC from availing the handling charges. The UC should be signed by the Managing Director of the Corporation or by a person who has been duly authorized in writing by the Managing Director.
- 15) Validity of offer of the producers for collection of the materials by the Corporations shall be 5 working days excluding holidays that fall in between.
- 16) Rolling schedule of the producers shall be shared with the Corporations for ensuring better planning at their end. The producers shall place the rolling schedule on their website and would intimate the same to SSICs/NSIC.
- 17) The producers shall display the stock position and selling price of each steel item on the Notice Board of every Branch Sales Office.
- 18) Producers shall accept cheques from the SSICs/NSIC. However, producers may fix the individual limits for the cheques through mutual discussions.

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