

GOVERNMENT OF INDIA

OUTCOME BUDGET

OF

MINISTRY OF STEEL

2011-2012

CONTENTS

CHAPTER NO.	SUBJECT
I.	EXECUTIVE SUMMARY INTRODUCTION <ol style="list-style-type: none"> 1. <i>Functions</i> 2. <i>Programmes</i> 3. <i>Organisation</i> 4. <i>Public Sector Undertakings</i> 5. <i>Ministry's Result Framework Document (RFD) for 2010-11</i>
II.	OUTCOME BUDGET (2011-12) - MAJOR SCHEMES
III.	REFORM MEASURES AND POLICY INITIATIVES <ol style="list-style-type: none"> 1. <i>Liberalisation of the Indian Steel Sector</i> 2. <i>National Steel Policy, 2005</i> 3. <i>New National Steel Policy</i> 4. <i>Major Initiatives taken by Ministry of Steel</i> 5. <i>Environment Management & Pollution control</i> 6. <i>Safety Measures</i> 7. <i>Institutional Framework for collection of data and dissemination of information</i> 6. <i>Relativity of Outcome Budget with Policy Initiatives</i>
IV.	REVIEW OF PAST PERFORMANCE - OUTCOME BUDGET 2010-11
V.	FINANCIAL REVIEW <ol style="list-style-type: none"> 1. <i>Total Requirement of Funds for 2011-12</i> 2. <i>Actual Expenditure - 2008-09 to 2010-11 (Upto Dec'10)</i> 3. <i>Non-Plan Expenditure</i> 4. <i>Plan Expenditure</i> 5. <i>Brief on R&D Scheme</i> 6. <i>Annual Plan Outlay for 2011-12</i> 7. <i>11th Five Year Plan</i> 8. <i>Year-wise analysis of Gross Budgetary Support</i> 9. <i>Plan Outlay and Actual Expenditure during 2009-10 and 2010-11(Upto Dec'10) of 11th Five Year Plan (2007-12)</i> 10. <i>Status of Outstanding Utilisation Certificates</i> 11. <i>Status of Unspent Balances</i>
VI.	PHYSICAL & FINANCIAL PERFORMANCE OF PUBLIC SECTOR UNDERTAKINGS UNDER MINISTRY OF STEEL

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. 2011-12.

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. The chapter also covers the implementation of Ministry's Result Framework Document for 2010-11 available on the website of Cabinet Secretariat (www.performance.gov.in).

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 2011-12, 44 such major schemes (43 Plan and 1 Non-Plan), have been included in the outcome budget statement. These 43 Plan scheme are being implemented by Steel Authority of India Ltd. (13 schemes), Rashtriya Ispat Nigam Ltd. (19), KIOCL Ltd. (5), NMDC Ltd. (3) and MOIL 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 2011-12, processes/ timelines, risk factors, projected physical outputs and projected outcomes in respect of these 44 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. The 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, 2010-11 of the Ministry of Steel. The actual achievements (up to 31st December, 2010) vis-à-vis the intended outcome in respect of the 50 major schemes - 49 Plan schemes and 1 Non-Plan scheme - included in Outcome Budget, 2010-11 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. 49 Plan schemes relate to SAIL, RINL, NMDC Ltd., KIOCL Ltd., MOIL and one scheme relates to Ministry of Steel. The Non-Plan scheme relates to HSCL.

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.114.92 crore in BE 2010-11 and Rs. 110.24 crore in RE 2010-11, a provision of Rs.117.71 crore has been provided in BE 2011-12 under Demand No.92 for the Ministry of Steel. The Ministry's Annual Plan outlay of Rs. 17199.82 crore (I&EBR: Rs. 17163.82 crore and Plan budgetary support: Rs. 36.00 crore) in BE 2010-11 has been increased to Rs. 21102.71 crore (I&EBR: Rs. 21062.71 crore and Plan budgetary support: Rs. 40.00 crore) in BE 2011-12. The substantial plan outlay for 2011-12 has been earmarked for expansions of SAIL's Plants i.e. Bhilai Steel Plant (Rs.6042 crore), Rourkela Steel Plant (Rs. 2950 crore), IISCO Steel Plant (Rs. 2100 crore), Durgapur Steel Plant (Rs. 950 crore), Bokaro Steel Plant (Rs. 1700 crore) & Salem Steel Plant (Rs. 100 crore) and an outlay of Rs. 1600 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 (2010-11) and including financial year 2011-12 are covered in this chapter.

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 2010-11 (up to 31st December, 2010) as also the projections for 2011-12 (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 regularly reviewed and evaluated by the Ministry. 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, 2011-12.

CHAPTER - I

INTRODUCTION

1. FUNCTIONS

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. Being a core sector, its sustained growth is a prerequisite for attaining the high level of GDP growth envisaged in the 11th Five Year Plan. The industry has strong forward and backward linkages with other sectors of the economy and, therefore, its own growth pattern is also influenced by other sectors of the economy specially infrastructure developments, real estates, auto mobiles/auto components etc. The environment in which the domestic steel sector operates calls for a greater promotional role by the Ministry of Steel specially as a facilitator to remove a sectoral bottlenecks/constraints like availability of raw materials, development of

infrastructure and also interaction with other concerned Ministries and Departments of the Govt. for appropriate policy formulation and implementation.

3. **ORGANISATION**

The Ministry of Steel is headed by a Minister of State (with independent charge) duly assisted by a Secretary to the Government of India, an Additional Secretary and Financial Adviser, a Chief Controller of Accounts, three Joint Secretaries, one Economic Adviser, four 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 separate 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.

Prior to deregulation of the sector, 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**

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

1. Steel Authority of India Ltd., (SAIL), New Delhi
2. Rashtriya Ispat Nigam Ltd.(RINL), Visakhapatnam
3. NMDC Ltd., Hyderabad
4. MOIL Ltd., Nagpur
5. KIOCL Ltd, Bangalore
6. Hindustan Steelworks Construction Ltd. (HSCL), Kolkata
7. MECON Ltd., Ranchi
8. MSTC Ltd., Kolkata
9. Ferro Scrap Nigam Ltd. (FSNL), Bhilai, (A subsidiary of MSTC Ltd.)
10. Bird Group of Companies, Kolkata

- (1) **Steel Authority of India Limited (SAIL)** (Registered office at Ispat Bhavan, Lodi Road, New Delhi – 110003) has the following Units under its overall control: -
- (1) Bokaro Steel Plant, Bokaro (Jharkhand)
 - (2) Bhilai Steel Plant, Bhilai (Chattisgarh)
 - (3) Durgapur Steel Plant, Durgapur (West Bengal)
 - (4) Rourkela Steel Plant, Rourkela (Orissa)
 - (5) Alloy Steels Plant, Durgapur (West Bengal)
 - (6) Salem Steel Plant, Salem (Tamilnadu)
 - (7) IISCO Steel Plant, Burnpur (formerly a subsidiary of SAIL, IISCO was merged with SAIL w.e.f. 16.2.2006 and renamed IISCO Steel Plant)
 - (8) Visvesvaraya Iron & Steel Plant, Bhadravati (Karnataka)
 - (9) Central Marketing Organisation, Kolkata (West Bengal)
 - (10) Research and Development Centre for Iron & Steel, Ranchi (Jharkhand)
 - (11) Raw Materials Division, Kolkata (West Bengal)
 - (12) Centre for Engineering & Technology, Ranchi (Jharkhand), and
 - (13) Corporate Office, New Delhi

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

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'.

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 Ltd. (RINL)** (Registered Office at 'A' Block, Visakhapatnam -530 031), 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 20 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. 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. 14,489 crore. The entire cost of the project would be met from the internal resources and there

would be no budgetary support from the Government. In the phase-wise expansion, the capacity will go upto 7.3 million tone of liquid steel by 2013. RINL has also in the process for acquiring major stake in Neelachal Ispat Nigam Limited (NINL). The proposal is under consideration by GOI.

The company became a Mini Ratna company during the year 2006-07 and a “Navaratna” during the year 2010-11.

- (3). **NMDC Ltd.** (Registered office at Khanij Bhavan, 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028) has become the second PSU under Ministry of Steel to be accorded ‘Navratna’ status. The company 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 etc. NMDC’s large mechanized Iron ore mines are being operated at Bailadila Iron ore Mines. NMDC is contemplating for major expansion to meet the demand of iron ore. Deposit-11B mine at Kirandul, Bailadila and Kumaraswamy Mine at Donimalai in Karnataka are the projects in progress. During the year 2010-11 the ‘Sponge Iron India Limited has been merged with NMDC. Due to this merger, NMDC has now entered the field of manufacturing ‘Sponge Iron’. 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 ‘Carbon free sponge iron powder’, RTP ferrite powders, Pigment grade ferric oxide, Titania slag, Pig iron and high purity ferric oxide. The company is also planning diversification activities into high value minerals such as Gold, ilmenite from beach sand, platinum group elements etc and also vertical integration projects like Pellet Plant & Steel making plant. The company has also undertaken exploration works for gold in Tanzania. 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.

NMDC Ltd. has planned to expand its present iron ore production capacity of around 24 million tonnes to 40 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.

Sponge Iron India Limited (SIIL) has been merged with NMDC Ltd. The merger of the two companies were filed with the Registrar of Companies on 1st July, 2010; and with this SIIL has ceased to exist as a separate PSU.

- (4). **MOIL Ltd.**, (Registered office at MOIL Bhavan, 1A, Katol Road, Nagpur – 440013) 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 company, 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).

- (5). **KIOCL Ltd. (formerly known as Kudremukh Iron Ore Company Limited)** (Registered office at 11 Block, Koramangala, Bangalore – 560 034), 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.

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.

- (6). **Hindustan Steelworks Construction Limited (HSCL)** (Registered office at 5/1, Commissariat Road, Hastings, Kolkata – 700022) 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. HSCL is an ISO 9001-2000 company and its capabilities cover almost every field of construction activity.

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. However, keeping in view the positive trends of operating profits during the last five years, a fresh financial restructuring proposal is under consideration.

- (7). **MECON Limited** (Registered office at MECON Building, P.O. Hinoo, Ranchi – 834 002) is the first consultancy and engineering organisation in the country to be accredited with ISO:9001-2008 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.

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. 82.62 crore in 2009-10 from (-) Rs. 10.72 crore in 2003-04.

- (8). **MSTC Limited** (Registered Office at 225 F, A.J.C. Bose Road, Kolkata – 700 020) is a **Mini Ratna Category-I PSU** under the administrative control of the Ministry of Steel, Government of India. The company is a trading concern of Government of India previously designated as the canalising agency of the Government for import of carbon 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 arising generated mostly from Public Sector Undertakings 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.
- (9). **Ferro Scrap Nigam Limited** (Registered Office at FSNL Bhavan, Equipment Chowk, Central Avenue, Post Box No. 37, Bhilai, Chhatisgarh – 490 001) is a joint sector company, incorporated on 28-3-1979. Presently it is "**Mini Ratna II PSU**" a Government of India company under Ministry of Steel. It is a wholly owned subsidiary of MSTC Limited. 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. 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.

10. Bird Group of Companies (Registered Office at AG -

10. Bird Group of Companies (Registered Office at AG -104, Sourav Abasan, 2nd Floor, Sector-II, Salt Lake City, Kolkata – 700 106) consequent upon nationalization of the undertaking of Bird & Company Limited in 1980, the following seven companies came under the administrative control of the Ministry of Steel, Government of India with effect from 25th October, 1980 by virtue of the Bird & Company Ltd. (Acquisition & Transfer of Undertakings & other Properties) Act, 1980 and are collectively called the Bird Group of Companies:-

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

The first three Companies i.e. EIL, OMDC & BSLC are in operation and the other four Companies i.e. KDCL, SSL, Burrakar & Borrea are under liquidation. As per the restructuring done in respect of Bird Group of Companies, RINL has become the holding company of EIL. EIL is the holding company of OMDC & BSLC. EIL, OMDC and BSLC have become Public Sector Undertakings.

5. Result Framework Document (RFD) 2010-11

The Government has been implementing a comprehensive Performance Management System based on the Result Framework Document (RFD). The RFD covers not only the agreed objectives, policies, programmes and projects of the departments but also includes the success indicators and targets to measure the progress in implementing them. Presently, Sixty two (62) Ministries/ Departments including Ministry of Steel are implementing it. Amongst the targets achieved in the RFD for 2010-11 are creation of a Sevottam compliant system to redress and monitor public grievances and formulation of a strategic plan for Steel sector for next five years i.e. 2011-16.

CHAPTER – II

OUTCOME BUDGET FOR 2011-12 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 plan scheme till end of 10th Plan (2002-07). In the 11th Plan (2007-12), a new 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. Under the scheme, a total of eight (8) R& D project proposals with a total outlay of Rs. 111.11 crore have been approved upto Dec'10.

The PSUs under the administrative control of the Ministry formulate and implement various schemes/ programmes related to their respective area of operations. The schemes of the PSUs are components of their respective Annual or long term plans. Since each PSU has several schemes, most of which are related to the normal day to day functioning as well as MOU linked operations of the company, it would be difficult to cover all schemes of the PSUs in the Outcome Budget. A decision was, therefore, taken that only projects with sanctioned/estimated cost of more than Rs.50.00 crore will be covered as given in the following table.

Statement of Outlays and Outcomes/Targets (2011-12)
(Schemes with estimated/sanctioned cost more than Rs.50.00 crore)

(Rs. In crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timeliness		Remarks/Risk Factors
				Budgetary Support		IEBR		Original	Actual/Now Scheduled	
				Non-Plan	Plan					
1	2	3	4	5(i)	5(ii)	5(iii)	6	7	8	9
A. SCHEMES WITH ESTIMATED/SANCTIONED COST MORE THAN RS. 50.00 CRORE										
1. STEEL AUTHORITY OF INDIA LTD. (SAIL)										
(a) Bhilai Steel Plant (BSP)										
(i)	700tpd Air Separation Unit (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	--	--	60.00	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.
(ii)	Rebuilding of Coke Oven Battery (COB)-6	To improve production of coke and to achieve latest pollution norms of MOEF	191.20	--	--	30.00	--	Jan'10	Feb'11	Non availability of silica bricks in sequence
(iii)	Expansion of BSP	Phasing out of low graded and energy intrinsic unit, reduction of semis Major facilities include new 7 meter tall coke oven battery, Sinter machine in Sinter Plant-3, New 4060 cubic meter Blast Furnace, New Steel Melting Shop, Continuous Casting Plant, Bar & Rod Mill, Universal Rail Mill etc.	18847.00	--	--	5730.00	Increase in Hot Metal capacity from 4.82 mtpa to 7.5 mtpa	Mar'13	Mar'13	Orders have been placed for all major packages and are under execution.
(b) Rourkela Steel Plant (RSP)										
(i)	Coal Dust Injection System in Blast Furnace (BF)-4	Technical necessity for reduction in coke rate and improvement of the furnace productivity.	70.71	--	--	11.00	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm.	Oct'08	Apr'11	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. Delay in arrival of china experts due to change in visa policy. Commercial disputes between Sino Steel & sub agencies.

(Rs. In crore)

No	Name of PSUs and Scheme/	Objective/ Outcome	Estimated/ Sanctioned	Approved outlay 2011-12			Quantifiable Deliverables/	Processes/ Timeliness	Remarks/Risk Factors
----	--------------------------	--------------------	-----------------------	-------------------------	--	--	----------------------------	-----------------------	----------------------

1	2	3	4	Cost			Physical Outcomes	7	8	9
				Budgetary Support		IEBR				
				Non-Plan	Plan					
5(i)	5(ii)	5(iii)	6	Original	Actual/Now Scheduled					
(ii)	Expansion of RSP	To increase the hot metal capacity to 4.5 mtpa. Major facilities include new 7 meter tall Coke Oven Battery, New Sinter Plant, New 4060 cubic meter Blast Furnace, New Basic Oxygen Furnace Coverter, One Slab Caster, New Plate Mill, New Oxygen Plant on BOO Basis etc.	12922.00	--	--	2619.00	Increase in hot metal capacity from 2.12 mtpa to 4.5 mtpa	Mar'13	Mar'13	Orders have been placed for all major packages and are under execution.
(c) Bokaro Steel Plant (BSL)										
(i)	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	--	--	15.00	6 no. of ESPs of capacity 900,000 m3/hr to control emission level of outlet dust at 150mg/Nm3	Aug'10	Aug'12	Non-availability of Shutdown for erection of ESP-5. Non-availability of tower crane by SREP.
(ii)	Installation of new Turbo Blower No. 8	To meet the enhanced cold blast (CB) requirement of BF-2	125.92	--	--	15.00	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.
(iii)	Rebuilding of COB-1&2	To improve production of coke & achieve latest pollution norms of MOEF	500.90	--	--	90.00	Improve production & achieve latest pollution norms of MOEF.	Apr'10	Aug'11	--

(Rs. In crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timeliness		Remarks/Risk Factors
				Budgetary Support		IEBR		Original	Actual/Now Scheduled	
				Non-Plan	Plan					
1	2	3	4	5(i)	5(ii)	5(iii)	6	7	8	9
(iv)	Expansion of BSL	Phasing out energy intensive units & introduction of energy efficient technology. Major facilities include New Cold Rolling Mill Complex, Modernisation of Steel Melting Shop, Rebuilding of Coke Oven Batteries, Upgradation of one Blast Furnace. Up-gradation of Hot Strip Mill etc.	6951.00	--	--	1309.00	New Cold Rolling Mill complex of 1.2 mtpa	Dec'11	Dec'11	Orders have been placed for all major packages. Some of the linked packages like up-gradation of Blast Furnace No.2 and Rebuilding of Coke Oven Battery No. 1 have been completed. Other package are at various stages of execution.
(d)	IISCO Steel Plant									
(i)	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 Major facilities include new 7 meter tall Coke Oven Battery, New Sinter Plant, New Blast 4060 cubic meter Blast Furnace, New Steel melting shop, continuous Casting Plant, Heavy Section Mill, Wire Rod & Bar Mill etc.	16073.74	--	--	2069.00	2.7 mtpa hot metal, 2.5 mtpa crude steel & 2.37 mtpa saleable steel	Dec'10	Dec'11	Orders have been placed for all major packages. Some of the packages like New sinter Plant and Pig Casting machine are in advance stage of completion. Other packages are under various stage of execution. Difficult & unforeseen soil conditions led to increase in civil & structural work substantially.
(e)	Raw Materials Division (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 loading.	124.88	--	--	15.00	--	Dec'09	Mar'11	Slow progress of design engg., civil & structural work by M/s tecpro. Due to delay in civil work, mechanical & electrical erection work has got delayed. Unauthorised occupancy of railway land.

(Rs. In crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timeliness		Remarks/Risk Factors
				Budgetary Support	IEBR			Original	Actual/Now Scheduled	
				Non-Plan	Plan					
1	2	3	4	5(i)	5(ii)	5(iii)	6	7	8	9
(ii)	Enhancement of production capacity of Meghahatuburu Iron Ore Mine	A technical necessity to increase iron ore for meeting requirement after SAIL expansion	125.78	--	--	40.00	Capacity from 4.3 mtpa to 6.50 mtpa of finished product	Apr'12	Apr'12	--
(f)	General									
(i)	Revival of Jagdishpur SAIL Unit	Fulfilment of demand of finished and value added products in the region	105.42	--	--	40.00	150,000 t/yr TMT Bar, 10,000 t/yr crash barriers, 13,000 t/yr corrugated sheets	Oct'11	Oct'11	--
2.	<u>RASHTRIYA ISPAT NIGAM LTD. (RINL)</u>									
(i)	Coke Oven Battery (COB) 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	380.46	--	--	20.00	To produce 0.75 Mt of coke	To operate COB-4 as independent Battery.	Battery-4 was commissioned on 20-04-2009	Battery-4 Commissioned and is under regular operations. Payments are mainly pertaining to performance guarantee, final acceptance and settlement of claim.
(ii)	Coke Oven Battery (COB) No.4-Phase-II	To operate COB-4 as independent Battery. Full utilisation of gas and enhancing better realisation of by-product by providing additional by-product facilities and balance facilities in coal handling.	355.30	--	--	112.00	To operate COB-4 as independent Battery. Increase in recovery of by products	Increase in recovery of by products	Coal Handling side: Sept'2011 By-Product side: Oct'2012.	Coal Side: Additional facilities are likely to be completed progressively by Sep'2011 in line with requirement of higher production of coke. By-Product side: The Benzol recovery plant package also ordered on M/s. MECON in Jul'2010 after several round of re-tendering due to poor response of bidders and now scheduled to be completed by Oct'2012 as per contract.

(Rs. In crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timeliness		Remarks/Risk Factors
				Budgetary Support		IEBR		Original	Actual/Now Scheduled	
				Non-Plan	Plan					
1	2	3	4	5(i)	5(ii)	5(iii)	6	7	8	9
(iii)	Expansion to 6.3 Mtpa Liquid Steel	To increase the plant capacity	8692.00	--	--	1600.00	Increase production. Enhancing production of liquid steel to 6.3Mtpa of Liquid Steel.	Increased production. Enhancing production of liquid steel to 6.3 Mtpa of liquid steel	Commissioning and stabilisation period for Stage-I: 2010-11 (Sinter Plant-3, BF-3,SMS-2 and WRM-2) and Stage-II: 2011-12 (Special Bar Mill and Structural Mill)	Revised Estimated cost of ` 12499 crores submitted to GOI for approval. The Cost of Power Plant-II and 3rd Converter and 4th caster of SMS#2 is estimated at ` 1990 crores and M/s. MECON has been appointed as consultant for 3rd Converter and 4th caster.
(iv)	Air Separation Plant (ASU-4)	Additional facility to meet shortfall of argon for combined blowing process of LD converters. Oxygen produced is used in BF.	299.00	--	--	27.00	2 Nos of 600 ton capacity.	Will help in increasing production of liquid steel in SMS and hot metal in BF.	ASU-4 - Dec'2010	ASU-4: Installation of the unit completed. Commissioning commenced in Oct'10 and is under stabilisation.
(v)	Pulverised Coal Injection System for BF-1 & BF-2	Injection system for reduction in consumption of expensive BF coke with less expensive pulverised coal	130.00	--	--	21.00	Increased production of hot metal. To reduce cost of production of hot metal	--	Mar'2011	Detailed engineering, civil and Structural works almost done. Equipment from China have been received at site and erection is in progress under supervision of foreign experts and it is planned to be commissioned by Mar'11.

(Rs. In crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timeliness		Remarks/Risk Factors
				Budgetary Support		IEBR		Original	Actual/Now Scheduled	
				Non-Plan	Plan					
1	2	3	4	5(i)	5(ii)	5(iii)	6	7	8	9
(vi)	Acquisition of iron ore Mine & coking coal mines	To achieve self-reliance for raw material and cost reduction	600.00	--	--	10.00	RINL/VSP does not have captive source for coking coal/iron ore and outlay included to acquire mines	--	Continuous	Persuading state Govts. for allotment of Iron Ore mines and exploring possibilities of acquiring Iron Ore mines overseas. Two coking coal blocks allotted to RINL are not viable.
(vii)	Facilities for Iron Ore Storage	To increase iron storage facility.	481.00	--	--	177.00	Shall increase Iron ore storage facility to 30 days	--	Mar'2012	Project re-scheduled due to cancellation and re-tendering of major packages. Augmentation of Iron Ore storage project, though delayed, would not have impact on operation of the plant as this is required only for building up of stock.
(viii)	330 TPH (6th) Boiler with Auxiliaries	To supplement steam requirement.	350.00	--	--	54.00	Shall add addl.process steam to meet the requirements of expansion units and help in generation of power.	To supplement steam requirements for expansion and help in generation of power.	Jun'2011	There has been improvement by M/s. BHEL in supply and site activities for all the packages on continuous follow-up by RINL and also on taking up matter by Jt. Secretary (Steel), still completion of Boiler#6 and TG#5 are an area of concern. Matter is being pursued with M/s. BHEL.
(ix)	67.5MW TG-5 Power Evacuation System	To meet addl power requirement.	358.00	--	--	71.00	Shall generate partly the power requirements of expansion units.	To meet continuous power requirement.	Jun'2011	
(x)	Strengthening of 220KV system of APTRANSCO	To strengthen AP power grid for transmission of power of 400 MVA	86.00	--	--	7.00	It enables to receive contracted demand of 400 KVA for RINL on expansion	--	Sep'2012	Payments to APTRANSCO delayed for certain clarifications.

(Rs. In crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timeliness		Remarks/Risk Factors
				Budgetary Support		IEBR		Original	Actual/Now Scheduled	
				Non-Plan	Plan					
1	2	3	4	5(i)	5(ii)	5(iii)	6	7	8	9
(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	--	--	13.00	To augment to receive 400MVA power at VSP	--	Feb'2011	--
(xii)	BF-1&2 -Category-1 Repairs	To carry out the Category-I capital repairs & enhance the volume to 3850 CuM from the existing 3200 CuM capacity.	1760.00	--	--	500.00	To increase the production by 0.5Mt from 2Mt to 2.5Mt of Hot Metal	--	22 Months from Date of agreement	Order for BF-1 main package placed. LOI placed on 01-11-2010
(xiii)	Sinter Plant productivity enhancements	To increase the Production of Sinter to support the increase in the volume of BF. This is to meet the present pollution control norms.	343.00	--	--	70.00	To increase the production from 5.5 Mt to 6.8 Mt of Sinter.	--	To match with BF category repairs	Contract for appointment of consultancy agency is under process.
(xiv)	SMS Converter Revamp	To improve the reliability of the 3 converters as the existing equipments life is almost over. This is to meet the present pollution control norms	180.00	--	--	35.00	Technological necessity to change the converters.	--	To match with BF category repairs	Global tender opened and is under finalisation.
(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 straight-line cooler of sinter machines 1 & 2 under Technology co-operation with New Energy and Industrial Technology Development Organisation (NEDO), Japan under Green Aid Plan	96.00	--	--	80.00	To generate 20.6MW Electricity by capturing waste heat of sinter machines and with out burning any fossil fuel.	--	25-03-2012 (34 months from the date signing of MoU i.e 25-05-2009)	M/s. MECON appointed as consultant. Civil, Structural and water system packages are ordered. Receipt of equipment from Japan under process.

(Rs. In crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Processes/ Timeliness		Remarks/Risk Factors
				Budgetary Support		IEBR		Original	Actual/Now Scheduled	
				Non-Plan	Plan					
1	2	3	4	5(i)	5(ii)	5(iii)	6	7	8	9
(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	--	--	Survey and soil testing done. Further jobs awaiting clearance from Ministry of Forests for shifting of green belt.
(xvii)	3rd Converter and 4th Caster	To convert additional Hot Metal generated (after category 1 repairs of the existing 2 Blast Furnaces) into steel by adding a 3rd converter and 4th caster.	884.00	--	--	100.00	To increase the production of steel by 0.97 Mt	--	30 months from date of signing of contract (Estimated Sept'2012)	Consultant finalised. Tender for converter issued in Jan'2011. Tender for Caster to be issued by Mar'11 in line with requirement.
(xviii)	AMR schemes	To maintain good health of plant	Continuous	--	--	125.00	To maintain good health of the equipment and to sustain current level of production / productivity in the context of the ageing of the plant	--	Continuous	--
(xix)	R&D schemes	To enhance productivity / achieve cost reduction / Development of new products	Continuous	--	--	14.00	Development on the existing technology, trouble shooting with technological solutions for operational activities through investigative studies, failure analysis and critical examinations of process parameters to reduce cost / enhance productivity	--	Continuous	--

(Rs. In crore)

No	Name of PSUs and	Objective/	Estimated/	Approved outlay 2011-12	Quantifiable	Processes/	Remarks/Risk Factors
----	------------------	------------	------------	-------------------------	--------------	------------	----------------------

	Scheme/ Programme	Outcome	Sanctioned Cost	Budgetary Support		IEBR	Deliverables/ Physical Outcomes	Timeliness		
				Non-Plan	Plan			Original	Actual/Now Scheduled	
3.	KIOCL Ltd.									
(i)	Development of permanent railway siding at Mangalore	Magnetite Iron ore concentrate not being available in the country and use of high grade hematite iron ore from Bellary / Hospet is considered as one of the alternative sources on long term, as raw material for operation of Pellet Plant. Major portion of raw-material is to be transported through rail. It is therefore proposed to develop a permanent railway siding at Mangalore.	130.00	--	--	10.00	Handle receipt of 4mt of iron ore per year at Mangalore	--	New timeliness will be finalised on obtaining necessary statutory clearance	M/s KRL has submitted the revised DPR. To avoid Diamond crossing for safety reasons M/s KRL has realigned the already proposed route necessitating swapping of KIADB land and outright purchase of private land. Company is exploring possibilities of acquiring the said land from private parties. The proposal was placed before the Board of Directors for consideration. However, the Board has sought certain clarifications which are being placed before the Board.
(ii)	Construction of Bulk Material Handling facilities for receipt of iron ore by rail.	Since major portion of raw material is to be transported thro 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	173.00	--	--	5.00	Supply of 4mt of iron ore per year for production of pellets	--	New timeliness will be finalised on obtaining necessary statutory clearance	
4.	NMDC Ltd.									
(i)	Bailadila Deposit 11B	To increase production of iron ore	607.18	==	==	100.00	Capacity of 7mtpa	Capacity of 7mtpa	Jun'11	Works are in progress. All the major works of package-3 have been completed. Substation work has been completed and about 75% of the package I&II are completed. Package 5B is also ordered. Frequent "Bandh" calls by Maoists are continuing to affect the progress at site. Action has been taken to improve the security to facilitate the work. All efforts are being made to complete construction work by June, 2011.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Physical Outcomes	Projected Outcomes	Processes/ Timelines	Remarks/ Risk Factors
				Budget Support		I&EBR				
				Non-Plan	Plan					
(ii)	Kumaraswamy Iron Ore Project	To increase production of iron ore	898.55	-	-	80.00	Capacity of 7mtpa	Capacity of 7mtpa	Sep'12	The Board has approved the enhancing of the capacity of the project from 3mtpa to 7mtpa with the total outlay of Rs. 898.55 crore as against of Rs. 296.03 crore. Total project is split up in to 6 packages. M/s MECON has been appointed as EPCM consultant. Work awarded for package-1 and 3. Package-2 is in advanced stage of finalization. Preparation of tender documents for other packages is in progress.
(iii)	Pellet Plant at Donimalai	To diversify into pellet production	572.00	-	-	100.00	Capacity of 1.2 mtpa	Capacity of 1.2 mtpa	Dec'12	M/s. M.N. Dastur has been appointed as EPCM consultant. The project is being executed through six packages. Consent for establishment received on 15 th Sep'10 from KSPCB. Site leveling work (Pkg-3), Misc. Building (Pkg-5) and Electrical (Pkg-4) are already ordered. Pelletisation (Pkg-1) and Beneficiation (Pkg-2) packages are in advanced stage of finalization. Site leveling work is in progress. The project is expected to be commissioned by Dec'12.
5.	MOIL Ltd.									
(i)	Joint Venture for Manganese/Silico Manganese Plant	The project will be set up at Bhilai, as a joint venture with Steel Authority of India Ltd.	391.00	--	--	25.00	The project will be producing Ferro Manganese 31000 MT and Silico Mn. 75000 MT to cater the needs of SAIL	The project will be producing Ferro Mn./Silico Mn. to cater the needs of SAIL.	The project is scheduled to be completed by June'12	Land has been acquired for the project and tender for procuring equipment are under process.
(ii)	Joint Venture for Manganese/Silico Manganese Plant	The project will be set up at Bobbili, as a joint venture with Rashtriya Ispat Nigam Ltd.	217.00	--	--	10.00	The project will be producing Ferro Mn. 20000 MT and Silico Mn. 37500 MT to cater the needs of RINL to cater the needs of RINL	The project will be producing Ferro Mn./Silico Mn. to cater the needs of RINL.	The project is scheduled to be completed by June'12	Land has been acquired for the project and tender for procuring equipment are under process.
	Total A					15419.00				

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved outlay 2011-12			Quantifiable Deliverables/ Projected Outcomes	Processes/ Timelines		Remarks/ Risk Factors
				Non-Plan Budget	Plan Budget	I&EBR		Original	Actual/ now scheduled	
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>39.00</u>	=	(i) Use of low grade iron ore/slimes. (ii) Use of high ash coking/non coking coal in iron making (iii) Improvement in Sinter Plant Productivity (iv) Manufacturing of low phos steel through IF process using Direct Reduced Iron (DRI). (v) Development of Alternate/complementary route of iron making (vi) Reduction of CO2 emission in iron and steel making.	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 9 R&D proposals have been short listed for consideration of Project Approval & Monitoring Committee (PAMC). The PAMC has approved 8 R&D projects. The total cost of the projects is Rs. 143 crore out of which Govt. grant is Rs. 111.11 crore.
TOTAL (B)				=	<u>39.00</u>	=				
C. OTHER SCHEMES/PROGRAMMES										
(i) Relating to PSUs										
	(i) Various AMR schemes, ongoing and new schemes costing less than Rs. 50.00 crore (ii) Schemes with sanctioned cost of more than Rs. 50.00 crore at initial stages of finalization	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>5643.71</u>	--	--	--	These schemes are related to day to day functioning and operations of the PSUs. The schemes, which are yet to get necessary approvals have not been included.
(ii) Relating to the Ministry of Steel (Proper)										
	Secretariat of the Ministry, PAO (Steel), Office of DCI&S, Kolkata, Awards to Distinguished Metallurgists and interest subsidy to PSUs for implementation of VRS schemes	To meet the administrative expenses of the Ministry of Steel	--	<u>70.76</u>	=	=	--	--	--	Sum total of all non-plan provision. Not amenable to outcome budgeting
TOTAL (C)			--	<u>70.76</u>	<u>1.00</u>	<u>5643.71</u>				
GRAND TOTAL - A + B + C			--	<u>77.71#</u>	<u>40.00</u>	<u>21062.71</u>				

On Gross basis. The Non-Plan budget for 2011-12(BE) after netting of receipts of Rs. 6.95 crore relating to waiver of guarantee fee provisions for HSCL & MECON Ltd is **Rs. 70.76 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. 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 ranked as the fifth largest producer of crude steel in the world and also the largest sponge iron producer in the world. The domestic steel industry represents over Rs. 90,000 crore of capital (and expanding further) and directly provides employment to over 5 lakh people. The production of total finished steel (alloy + non alloy) for sale during April-December, 2010-11 (Prov.) was 47.03 million tonnes, up by 7.3% over same period of last 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 - 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 per cent. The import duty on raw materials like melting scrap, coking coal, metcoke is NIL and between 2% to 5% for other raw materials such as Zinc, Iron Ore and Ferro Alloys. There is no export duty on any steel items. However, Government has imposed ad-volorem export duty of 15 per cent on iron ore lumps and 5 per cent ad-volorem export duty on iron ore fines in order to conserve the mineral for long term requirement of the domestic steel industry.
- (x) Excise duty for steel is currently at 10 per cent.
- (xi) To ensure sufficient domestic availability and curb the rising price of hot-rolled coils in the domestic market, its imports have been freed by the government.

2. SALIENT FEATURES OF NATIONAL STEEL POLICY, 2005

After deregulation, the rapid pace of growth and the existing market trends called for certain guidelines and frame work. This led to the formulation of a National Steel Policy (NSP) which was announced in November, 2005. The salient features of the National Steel Policy (NSP), 2005 included the following:-

- It proposed a broad policy roadmap for the Indian Steel Industry taking into account issues linked to sectoral reform, restructuring and globalisation.
- A long-term goal for a modern and efficient steel industry of world standards, catering to diversified steel demand and for this 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 sought adoption of a multi-pronged strategy to move towards the above long-term policy goal. For this on the demand side, the strategy was to create incremental demand through promotional efforts, creation of awareness and strengthening the delivery chain, particularly in rural areas. As regards the supply side, the strategy was 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 acknowledged the low per capita consumption levels 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.

- It also proposed support for developing of risk-hedging instruments like futures and derivatives to contain price volatility in the steel market.
- It proposed strengthening of 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 policy emphasized 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.
- It acknowledged 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 and finally that
- the integration of the Indian steel industry with the global economy requires that it should be protected from unfair trade practices, which become common especially during periods of downturn. The policy though focused on the domestic sector also envisaged a steel industry growing faster than domestic consumption, which will enable export opportunities to be realized.

3. **New National Steel Policy**

Steel industry is basically driven by changes in domestic and global market trends. This meant that most of the objectives and targets included in the NSP 2005 needed to be reassessed/reevaluated in the light of changing market conditions. Therefore, with the approval of the Minister of Steel, it has been decided to formulate a New National Steel Policy. The new policy, while retaining the core structure of National Steel Policy 2005, will aim for much broader policy formulation covering various aspects of steel sector in the country such as growth of steel demand in India, raw materials, research and design, environment, and facilitation of new steel projects. An Apex Committee is under constitution to monitor, review and guide the formulation of the New National Steel Policy. The Apex Committee will set up various Task Force Committees to formulate in details the various aspects of New National Steel Policy.

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 undertaken Modernization & Expansion of its integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur & Burnpur and special steel plant at Salem. In the current phase, the crude steel capacity is being enhanced from 12.8 mt to 21.4 mt per annum. The indicative investment for current phase is about Rs. 60,000 crore. Additional approximately Rs. 10,000 crore has been earmarked for modernization and expansion of SAIL Mines. The expansion Plan of SAIL, besides capacity enhancement, adequately addresses the need of SAIL Plants towards eliminating technological obsolescence, energy savings, enriching product mix, pollution control, developing mines & collieries to meet higher requirement of key inputs, introduce customer centric processes and have matching infrastructure facilities in the Plant to support higher production volumes.

All major facilities under Salem Steel Plant expansion have been completed progressively by Sep'10 and are under stabilization. For other five plants, orders for major packages have been placed. These ordered packages are under various stages of execution. The current phase of Modernization & Expansion is expected to be completed by 2012-13. The cumulative expenditure against Modernization and Expansion incurred till Dec'10 is about Rs. 22,089 crore.

Tentatively, SAIL is exploring the feasibility of expanding the capacity to reach a level of 60 MT capacities by 2020 through brown-field and green-field expansion programme. In addition to the production growth, it is also planned to enhance SAIL's cost and quality competitiveness by including state-of-the art technology as well as value added products. However, the growth will depend on market demand and availability of critical raw-materials.

RINL has drawn its long term directional plans to expand the capacity of liquid steel to 20 million tone in phases by the year 2020. In this endeavour, RINL has already undertaken the first phase of expansion to raise liquid steel capacity to 6.3 mt per annum and is currently in progress. In this phase which is currently in progress, RINL is focusing on long products category which is required for infrastructure growth of the country. Modernization and upgradation of existing Blast Furnace, Steel melt Shop and others along with addition of one converter and one caster have also been taken up with which capacity will go up to 7.3 mt of liquid steel by 2013. RINL is also contemplating to expand capacity next to 11.3 mtpa and to diversify into flats, thereby expanding its product portfolio.

In order to strengthen its technological superiority and further enhance efficiency & productivity, upgradation of the existing equipment/technology is being undertaken/planned through modernization programme in addition to expansion. RINL plans to carry out major capital repairs/revamp of equipment to bring back high production levels & productivity in the plant. Some of the projects include capital repairs of Blast Furnace-1 & 2, revamp of converters, modernization of Sinter plant etc. and several other projects for upgradation of technology subscribing to pollution control requirements besides improving quality and product deliverables.

NMDC Ltd. plans to increase the production of iron ore from the present level of about 24 million tonnes to 40 million tonnes by 2014-15. NMDC is also taking steps for forward integration by value addition into sponge iron, pellets and steel. NMDC is setting up an integrated steel plant of 3 million tonne per annum (MTPA) 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. First stage forest clearance for forest land of about 25 hectare has been received. NMDC has also received permission of Chhattisgarh Environment Clearance Board to establish the 3 MTPA steel plant. In addition to 995 acres of land already in possession of NMDC, NMDC has also acquired additional 954 acres of land for the construction of the steel plant in August, 2010. Short listing of parties for 7 main technological packages has been completed and limited tender enquiries issued. Techno-Commercial offers in respect of 7 packages have been received.

(ii) **International Coal Venture Ltd. (ICVL)**

A Special Purpose Vehicle (SPV) called International Coal Ventures Ltd (ICVL) has been incorporated as a Joint Venture Company on 20.5.2009 with SAIL, CIL, RINL, NMDC and NTPC as its promoter companies. ICVL has been given powers to make investment upto Rs. 1500 crore and the autonomy to function as a Navratna company but without formal Navratna status. Proposals for acquisitions of coal assets or equity participation in coal companies requiring investments over Rs. 1500 crore would be submitted to an Empowered Committee of Secretaries (ECS) who would recommend the proposal directly to the Cabinet for approval.

A proposal for expediting decision making processes in the context of acquiring commodity assets overseas is to be shortly submitted to the Council of Ministers, and it is hoped that this would facilitate faster decision-making by the ICVL.

ICVL has been scouting for coal properties in target countries such as Australia, Canada, Indonesia, Mozambique and USA. On 25th January, 2011, a MoU was signed with the between ICVL and the Provincial Governor of Kalimantan, Indonesia which envisages direct allocation of mineral resources in the province for ICVL.

(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**

- *Merger of Sponge Iron India Limited (SIIL) with NMDC Ltd.* The Govt. had approved on 22.5.2008. After approval of the Government, the two companies completed all the requisite statutory compliances and after filing of the order of merger of SIIL with NMDC Ltd. issued by Ministry of Corporate Affairs with the Registrar of Companies on 1st July, 2010, the merger process of SIIL with NMDC stands completed.
- *Merger of Maharashtra Electromelt Limited (MEL) with Steel Authority of India Limited (SAIL):* After obtaining "No Objection Certificate" (NOC) from Government of Maharashtra (GOM) for transfer of land to SAIL, Application for amalgamation of MEL with SAIL was submitted to Ministry of Corporate Affairs (MCA) on 13th January 2010. Consent of shareholders of both the companies has been taken. Last hearing was held at MCA in November 2010.
- *Transfer of Salem unit of Burn Standard Company Ltd. (BSCL) to SAIL:* In pursuance to the approval given by Cabinet Committee of Economic Affairs (CCEA) for the modalities for transfer of Salem Unit are in progress in consultation with MoS/Department of Heavy Industries.
- *RINL's JV with MOIL:* RINL-VSP has formed a joint venture company with MOIL Ltd-RINMOIL Ferro Alloys Pvt. Ltd. for production of ferro alloys. The plant is planned to be operational by 2013-14
- *RINL Axle plant:* MOU has been signed with Indian Railways for setting up of Axle Plant named as 'Uttarbanga RINL RAIL Karkhana Ltd.' at New Jalpaiguri, West Bengal.
- *Strategic Partnership of RINL with NINL:* RINL is in the process of acquiring majority stake in Neelachal Ispat Nigam Ltd. (NINL) to strengthen its strategic position. This is however subject to approval by Gol.
- *NMDC Pellet Plant:* Pellet Plant is being planned for installation through JV/subsidiary route. This will however depend on installation of slurry pipeline pipe line by NMDC from Bailadilla to Visakhapatnam.
- *RINL JV partnership with KIOCL Limited:* RINL initiated a proposal to be a partner in the existing JV between KIOCL and United Rajpur Steel India Private Limited (URSIPL) for setting up a steel plant of initial capacity of 1.5 mtpa near Bellary in Karnataka. Also, RINL is in the initial stage of examining the possibility of entering into JV with KIOCL Limited to acquire its BF unit for setting up of Ductile Iron Spun Pipe (DISP) plant at Mangalore.
- *RINL Partnership with BHEL:* RINL is also actively pursuing JVs/strategic partnership with BHEL for Installation of Silicon Steel Mill at Vizag for production of specialized CRGO & CRNO grades of steel and setting up of Tube mill at Visakhapatnam for seamless tubes/pipes.

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

- NMDC is planning to set up an integrated steel plant in Karnataka and it has signed an MoU with M/s. Severstal, Russia for collaboration in setting up steel plant in Karnataka, coking coal mines in Russia and iron ore mines in India.
- On 29th March'10, Non Disclosure agreement has been signed by SAIL with Nippon Steel for exploring opportunities for joint collaboration in the iron & steel area. Discussions are under progress with Nippon officials for finalizing an agreement for undertaking diagnostic study in a Blast Furnace of Bhilai Steel Plant.
- On 30th March'10, SAIL signed MOU with M/s Kobe Steel Limited (KSL) for exploring technical and economic feasibility of ITmK3 technology for producing premium grade iron in the form of nuggets. A comprehensive Joint Feasibility Study is being finalized which shall assess and establish the techno-economic viability of installing and operating ITmK3 Technology based plant of 0.5 MT/yr capacity at ASP, Durgapur.
- On 30th November'10, besides ITmK3, SAIL has signed another MOU with Kobe Steel at Tokyo, Japan for carrying out collaborative work in producing high value products, such as (i) products for automobile, (ii) products for nuclear power plants and conventional power plants such as forged material and tubing material, (iii) special alloy steel and bars, and (iv) stainless steel tube and/or any other product mutually agreed to between Kobe Steel and SAIL. Both companies intend to build a cooperative relationship covering a wide range of fields, from upstream to downstream processes, which will enable them to mutually explore collaborative efforts and ventures in the Indian and global market.
- In terms of the MOU between SAIL & POSCO, Detailed Project Report (DPR) is being prepared for setting up of Finex based steel plant at Bokaro of 1.5 mt Hot Metal (rolling capacity for HR Coils 3mt) & 0.3mt of CRNO sheets at Vile Bhagad, Maharashtra.
- On 30th October, 2010, foundation stone laying ceremony was held at Kulti near Asansol in West Bengal for a JV Company with 50:50 Joint Venture between SAIL and RITES to build a wagon-making unit. The proposed factory will come up on 12 acres. The new unit will be able to handle about 1500 wagons a year which would include manufacturing 1,200 wagons and rehabilitation of another 300 wagons. It will manufacture BOXN type wagons used in transporting iron ore, including some of the most specialized high-end wagons. It would also be able to manufacture stainless steel wagons with marginal investment in plant and machinery. The process for incorporation of the company is under progress.
- SAIL had signed an MOU with NMDC in 2009 for joint development of Arki limestone deposit in the state of Himachal Pradesh. In pursuance to the MOU, Terms Sheet containing terms & conditions of JV Agreement signed between the

two companies on 31.8.10. Simultaneous activities like obtaining statutory clearances, preparation of Feasibility Study etc are under progress.

- After entering into a Joint Venture Agreement with Shipping Corporation of India (SCI) on 29th March, 2010, a joint venture shipping company 'SAIL SCI Shipping Pvt. Ltd.' has been incorporated in May, 2010 for bulk transportation of SAIL's cargo initially for 1.2 mt per annum, which would further scale upto 4 million tonnes per annum.
- SAIL Board approved the proposal for seeking permission from Ministry of Fertilizer for allocation of land/assets of FCIL, Sindri on 'nomination basis' to SAIL for setting up 5.6 mt capacity steel plant & 1.15mt Urea Plant. The matter is being pursued with Ministry of Fertilizers for allocating the land to SAIL.
- To meet the increased futuristic demand of power for the SAIL plants, SAIL has plans to setting up power plants for 1725 MW capacity through NSPCL, (a Joint Venture with NTPC) across its Steel Plants (gas based plant at Jagdishpur & coal based plants at BSP, RSP & BSL). Both the promoters SAIL & NTPC have in-principal agreed to take up this project through NSPCL.

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

- Bird Group of Companies:- On 10.9.2009, Government of India approved the Restructuring proposal of Bird Group of Companies. The restructuring has been done. RINL has become the holding company of EIL. EIL has become the holding company of OMDC and BSLC.
- 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).
- 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. SAIL has made commitments to the cause of CSR and has earmarked 2% of their distributable surplus for CSR activities since 2006-07. The total budget allocated for CSR in respect of the SAIL for 2009-10 was Rs. 80 crore against which SAIL utilized Rs. 78.79 crore during 2009-10 on CSR activities. Besides the allocated budget, the expenditure on non-SAIL people on account of health, education, township, etc. during 2009-10 has been more than Rs. 229 crore. CSR activities in SAIL focuses on education, health care, family welfare, sanitation, access to water facilities, connectivity, cultural efflorescence, preservation of heritage, environmental care, social initiatives. In view of the calamity brought in by cloud burst at Leh, SAIL has provided support to people suffered by the misery. SAIL has adopted 79 villages as 'Model Steel Villages', out of which development in 54 villages have been completed. In 2009-10, more than 3850 camps have been organized, benefitting over 2.32 lakh people providing free health check-up, path lab treatment, medicines, immunization surgical cases referred to plant hospitals. SAIL has provided 12 number of MMUs/Ambulances etc. to various NGOs like Smile Foundation, Bharat Sewashram Sangh etc. to help the poor and downtrodden.

RINL-CSR activities focus on sustained development and inclusive growth of the surrounding community. The company has taken up various initiatives during 2010-11 in the areas of Peripheral Development, Education, Medical & Health, People care, Sports and Cultural Efflorescence. Some of the major activities include:

- Construction of Hostel Block (covering 3 districts) for 21st Century Gurukulam under Andhra University at Visakhapatnam.
- Monetary support for construction of Arunodaya Special School for differently Abled Children.
- Support to Andhra Medical College, Visakhapatnam towards procurement of Pathology equipment and Dermatology equipment.
- Conducted Eye Camps through "Sankar Foundation" (renowned Eye Hospital) covering 1501 patients/292 cataract surgeries during the year.
- Provided items like computers, printer, computer tables & chairs etc. to M/s Family Services, who are doing yeomen services to the deaf & dumb children.
- Empowerment programs to women & un-employed youth through Jan Shikshan Sansthan in nearby villages.
- NMDC, under its CSR Programme, is presently developing 13 villages as 'Model Villages'.

MSTC is committed to social responsibility and in the year 2010-11, has budgeted Rs. 100 lakhs for the same. Till 31.12.2010 Rs. 43.23 lakhs has been spent on expenditure including hearing aids to disabled children, vocational training centre for women, running of blood transfusion centre, school for street children etc.

(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 has been 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. As on 1.1.2011, SAIL has appointed 2579 dealers covering 630 districts in the country. 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 48 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.

IMRB International has submitted its draft report of survey which has been scrutinized by the Technical Committee. The report is likely to be finalized by June, 2011.

As part of the promotional campaign, strengthening of the steel retail distribution network in rural areas was also recommended.

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

Consumption of steel is taken to be an indicator of economic development. India occupies a central position on the global steel map, with the growing steel capacity, establishment of new state-of-the-art steel mills, acquisition of global scale capacities by players, continuous modernization and up-gradation of older plants. Research & Development (R&D) in Iron & Steel sector is carried out mainly by the Steel Plants, Research Laboratories and Academic Institutions. Annually, about Rs. 125 crore is invested in R&D activities by the Iron & Steel and allied companies which is hardly 0.20% to 0.30% of the turnover of the steel companies which is roughly 1/10th of the International Steel Companies. There is a need for maximizing the use of indigenous raw materials, improvement in techno-economic parameters, reduction in energy consumption & CO2 emission and to develop new steel productions. The focus of the Ministry's R&D promotion efforts will therefore primarily cover the following three areas :

- (a) Initiatives for accelerated adoption/assimilation of new technology specially technologies consistent with our domestic resource endowment;
- (b) Developing domestic capabilities in equipment designing, innovative /path breaking technologies utilising iron ore fines and non coking coal; and
- (c) Improved quality of products through induction furnace route, beneficiation of raw materials etc.

In order to provide accelerated thrust on R&D, Ministry of Steel is encouraging Research and Development activities both in public and private steel sectors by providing financial assistance under the following two schemes:-

(1) **Steel Development Fund (SDF)**

The Empowered Committee (EC) has approved 64 research projects costing Rs. 519.00 crore including SDF component of Rs. 250.00 crore. Of these 31 projects have been completed.

(i) **Government Budgetary Support (GBS) for R&D**

The project Approval and Monitoring Committee (PAMC) in its 1st & 2nd meeting held on 11.02.2010 and 23.11.2010 approved 8 projects with a total cost of Rs. 143.87 crore. Out of this total cost Government funding will be Rs. 111.11 crore. The projects are in progress, with a duration of 2 to 3 years. The main emphasis of the R&D projects under this scheme is directed towards utilization of low grade iron ore including slimes and low grade coal (coking and non coking) available in India, to sustain the long term growth of the Indian Steel Industry.

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

The Department of Consumer Affairs in consultation with Ministry of Steel has identified 17 steel products having direct bearing on consumer health/safety and also critical for infrastructure development. At present, seven steel products have been covered under the Quality Control Order based on ISI specifications (deliberation are going on to enforce the remaining 10 steel items also) are steel wires/strands for pre-stressed concrete; specification for epoxy coated bars; and specification for galvanized steel sheets.

(x) **Resolving Infrastructure Bottlenecks**

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

(xi) **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, 158 Iron & Steel projects have been accorded HCA in India. These projects will result in Green House Gas (GHG) abatement worth 105 million tonnes of CO₂ equivalent, resulting in generation of 105 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, MoS and Ministry of Finance signed MoU with New Energy and Industrial Technology Development Organisation (NEDO) of Japan for installation of 20.6 MW waste heat recovery system on sinter straight line cooler at sinter Machine 1 & 2 on 25th

May, 2009. This project is first of its kind in Indian Steel Industry. This project is being implemented under Japan Green Aid Plan.

(xii) **Steel 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. On 16th July, 2010, the meeting of Consumer Council were held under the Chairmanship of the Hon'ble Steel Minister in which various issues were discussed.

(xiii) **Fiscal Measures**

The following measures have also been taken by the Government during the past one year to assist the domestic steel industry:-

- Import Custom Duty of 5% on all steel items.
- Excise Duty (CENVAT) of 10% on all steel items.
- Export Duty of 5% on Iron Ore fines and 15% on Iron Ore lumps.

(xiv) **Gender Budgeting**

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. 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.

6. 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:

7. Institutional Framework for collection of data and dissemination of 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), are performing this task.

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 further reoriented to be consistent with the changing realities of globalization.

8. RELATIVITY OF OUTCOME BUDGET WITH POLICY INITIATIVES

The ongoing schemes/ projects of the PSUs under the Ministry of Steel 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 2010-11

The Outcome Budget, 2010-11 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. The scheme is to be effective from 1.4.2009. Upto Dec 2010, eight (8) R& D project proposals have been approved. The duration of the projects is 2 years to 3 years.

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, 49 Plan schemes (22 schemes of SAIL, 17 of RINL, 5 of KIOCL Ltd., 2 of NMDC Ltd., 2 of MOIL, 1 of Ministry of Steel) and 1 Non-Plan scheme in respect of HSCL were included in the Outcome Budget, 2010-11. The PSU-wise actual achievements (up to 31st December, 2010) vis-à-vis the intended outcomes indicated in the Outcome Budget, 2010-11 in respect of these 50 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, 2010-11

Actual Achievement vis-à-vis the intended Outcome Projected in Outcome Budget, 2010-11

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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 April-Dec'10	Cumulative upto Dec'10		
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 (BSP)												
(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	8.00	Improvement in mill availability & saving in power consumption	Feb'09	Jan'10 Completed	1.63	39.74	Completed	Completed
(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	80.00	700 tonne per day of O₂	Jul'09	May'11	52.04	102.58	--	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	50.00	--	Jan'10	Feb'11	38.59	119.05	--	Non-availability of silica bricks in sequence
(iv)	Expansion of BSP	Phasing out of low graded & energy intrinsic units, induction of semis.	18847.00	3258.00	2524.00	Increase in HM capacity from 4.82 mtpa to 7.5 mtpa	Mar'13	Mar'13	790.07	1782.09	--	--

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(b)	Rourkela Steel Plant (RSP)											
(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	4.00	Replacement of coke with pulverized coal on 1:1 basis, Coal injection rate in Blast Furnace at 120 Kg/thm.	Oct'08	Apr'11	1.73	52.55	--	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. Delay in arrival of china experts due to change in visa policy. Commercial disputes between Sino Steel & sub-agencies.
(ii)	Rebuilding of Coke Oven Battery-4	To improve production and to achieve latest pollution norms of MOEF	248.94	30.52	40.00	Rebuilding with latest pollution norms of MOEF	Aug'09	Mar'10 Completed	26.16	193.41	Completed	Completed
(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	7.70	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	3.98	46.85	Completed	Completed

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(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	10.00	100,000 m ³ capacity	Jun'09	Dec'09 Completed	6.36	90.07	Completed	Completed
(v)	700tpd Oxygen Plant	New Oxygen Plant to meet increasing requirement of oxygen, nitrogen & argon	302.70	50.00	50.00	700 tonne per day capacity	Jun'09	Oct'10 Completed	26.17	246.72	Completed	Completed
(vi)	Simultaneous Blowing of BOF Converters of SMS-II	For enhancing the production capacity of SMS-II	197.66	25.00	40.00	Enhancing production from 1.68 Mtpa to 1.85 Mtpa	Oct'09	Oct'10	24.40	132.04	Completed	Completed
(vii)	Expansion of RSP	To increase the hot metal capacity to 4.5 mtpa	12922.00	1645.00	2150.00	Increase in Hot Metal capacity from 2.12 mtpa to 4.5 mtpa	Mar'13	Mar'13	1686.46	3058.42	--	--
(c)	Bokaro Steel Plant (BSL)											
(i)	Coal Dust Injection in BF-2&3	Technical necessity for reduction in coke rate and improvement of the furnace productivity	133.92	8.00	20.00	Replacement of coke with pulverized coal on 1:1 basis. Coal injection rate in Blast Furnace at 120 Kg/thm.	May'08	June'10 (BF-3) Completed Dec'10 (BF-2) Completed	4.47	92.48	Completed Injection in BF-2 started on 10.12.10	Completed

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(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, besides creating a buffer station for longer sequence at casters & flexibility in operation.	96.96	8.00	10.00	Production of value added steels, improvement in lining life of converters.	Feb'08	Sep'10 Completed	3.95	65.08	Completed	Completed
(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	10.00	6 no. of ESPs of capacity 900,000 m ³ /hr to control emission level of outlet dust at 150mg/Nm ³	Aug'10	Aug'12	5.06	37.85	ESP-6 successfully hooked-up with sinter band-3 on 17.6.10	Non-availability of shutdown for erection of ESP-5. Non-availability of tower crane by SREP
(iv)	Installation of new Turbo Blower No. 8	To meet the enhanced cold blast (CB) requirement of BF-2	125.92	26.00	55.00	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	12.19	25.16	--	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/ 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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(v)	Up gradation of BF-2	To increase the useful working volume and productivity	892.32	305.00	105.00	Useful volume will increase from 1758 to 2259 m ³ and productivity will be 2t/m ³ /day	Aug'09	Jul'10 Completed	74.86	632.19	Completed	Completed
(vi)	Rebuilding of COB-1 & 2	To improve production & achieve latest pollution norms of MOEF.	500.90	147.00	95.00	Improve production & achieve latest pollution norms of MOEF.	Apr'10	Mar'11 (COB-1) Aug'11 (COB-2)	61.17	235.68	Battery heating for COB-1 started on 30.12.10	Delay in supply and erection of refractories by various parties and over machines by M/s BEC.
(vii)	Expansion of BSL	Phasing out energy intensive units & introduction of energy efficient technology.	6951.00	930.00	897.00	New Cold Rolling Mill complex of 1.2 mtpa	Dec'11	Dec'11	619.80	1608.60	--	--
(d)	IISCO Steel Plant											
(i)	Rebuilding of Coke Oven Battery-10	To improve production and to achieve latest pollution norms of MOEF	436.59	120.00	90.00	Rebuilding with latest pollution norms of MOEF	Sep'09	Aug'10 Completed	71.10	321.66	Completed	Completed
(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.	16073.74	3432.00	3890.00	2.7 MTPA hot metal, 2.5MTPA crude steel & 2.37 MTPA saleable steel.	Dec'10	Dec'11	3199.08	9904.98	--	Difficult & unforeseen soil conditions led to increase in civil & structural work substantially.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(e)	Salem Steel Plant (SSP)											
(i)	Expansion of SSP	To create steel making facilities with continuous casting & new CRM	2138.00	194.00	470.00	To increase crude steel production from nil to 0.18 MT & saleable steel from 0.18 MT to 0.34MT.	Jun'10	Sep'10 Completed	384.99	1792.23	1 st hot trial for production of SS through AOD was taken on 1.9.10. 1 st slab of CS was cast on 1.8.10. Maximum 9 slabs (108.7T) produced on 6.11.10 with 2 heats. Slitting line: commissioning of 1 st phase completed	Completed. Units under stabilization.
(f)	Raw Materials Division (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	35.00	--	Dec'09	Mar'11	31.37	78.49	--	Slow progress of design engg., civil and structural work by M/s tecpro. Due to delay in civil work, mechanical & electrical erection work has got delayed. Unauthorised occupancy of railway land.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
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	380.46	69.00	10.00	To produce 0.75 Mt of coke	Battery-4 commissioned	Battery-4 was commissioned on 20-04-2009	7.97	363.17	Battery-4 was commissioned on 20-04-2009	Battery commissioned. Pending payments to pertain to performance guarantee, final acceptance and settlement of claims.
(ii)	Coke Oven Battery No. 4- Phase-II	To operate COB-4 as independent Battery. Full utilisation of gas and enhancing better realisation of by-product by providing additional by-product facilities and balance facilities in coal handling.	355.30	85.00	50.00	To operate COB-4 as independent Battery. Increase in recovery of by products	Coal Handling Side: To be commissioned by Dec'08 as per the BOD approval.	Coal Handling side: Sept'2011 By-Product side: Oct'2012.	42.29	86.83	Coal Side: consultant appointed. All packages ordered. Site activities are in progress. By-Product side: consultant appointed. All packages ordered and progressing as per contractual schedule.	Coal Side: Additional facilities are likely to be completed progressively by Sep'2011 in line with requirement of higher production of coke. By-Product side: The Benzol recovery plant package also ordered on M/s. MECON in Jul'2010 after several round of re-tendering due to poor response of bidders and now scheduled to be completed by Oct'2012 as per contract.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iii)	Expansion to 6.3 Mtpa Liquid Steel	To increase the plant capacity	8692.00	2800.00	2270.00	Increase production. Enhancing production of liquid steel to 6.3Mtpa of Liquid Steel.	36/48 months in phases from 28-10-2005 / Feb'11	Commissioning and stabilisation period for Stage-I: 2010-11 (Sinter Plant-3, BF-3,SMS-2 and WRM-2) Stage-II: 2011-12 (Special Bar Mill and Structural Mill)	1722.53	7605.84	Order placement and major design and engineering completed. Stage-I: The major portion of site activities in terms of volume has been completed except in few areas which are also in advance stage of completion. Commissioning of major electrical system done and permanent power supply made available to major units. Commissioning of Water, Air and Nitrogen system and part of Raw Material Handling System completed. Trial runs / commissioning of other units are in progress. Stage-II: Basic engineering completed, over 80% of detailed engineering also completed. Physical erection progressing and integrated commissioning is planned from Dec'11 to Mar'12.	Revised Estimated cost of 12499 crores submitted to GOI for approval. The Cost of Power Plant-II and 3rd Converter and 4th caster of SMS#2 is estimated at 1990 crores and M/s. MECON has been appointed as consultant for 3rd Converter and 4th caster.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iv)	Air Separation Plant (ASU-4)	Additional facility to meet shortfall of argon for combined blowing process of LD converters. Oxygen produced is used in BF.	170.00	170.00	70.00	Will help in increasing production of liquid steel in SMS and hot metal in BF.	ASU-4 be commissioned by Sep'2007	ASU-4 - Dec'2010	36.71	93.51	ASU-4: Installation of the unit completed. Commissioning commenced in Oct'10 and is under stabilisation.	--
(v)	Pulverised Coal Injection System for BF-1 & BF-2	Injection system for reduction in consumption of expensive BF coke with less expensive pulverised coal	133.00	50.00	40.00	Increased production of hot metal. To reduce cost of production of hot metal	To be commissioned by Oct'2007 as per the BOD approval.	Mar'11	29.02	71.96	Detailed engineering, civil and Structural works almost done. Equipment from China have been received at site and erection is in progress under supervision of foreign experts and it is planned to be commissioned by Mar'11	--
(vi)	Acquisition of iron ore Mine & coking coal mines	To achieve self-reliance for raw material and cost reduction	600.00	60.00	2.00	RINL/VSP does not have captive source for coking coal/iron ore and outlay included to acquire mines	Continuous	Continuous	0.02	0.28	--	Persuading state Govts. for allotment of Iron Ore mines and exploring possibilities of acquiring Iron Ore mines overseas. Two coking coal blocks allotted to RINL are not viable.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
(vii)	Facilities for Iron Ore Storage	To increase iron storage facility.	481.00	75.00	55.00	Shall increase Iron ore storage facility to 30 days	Oct'09	Mar'12	44.82	55.60	Major packages ordered. Engineering is in advanced stage of completion. Construction works commenced and planned to be completed by end of 2011-12 and made yard operating as per requirement for running all the 3 BFs	--
(viii)	330 TPH (6th) Boiler with Auxiliaries	To supplement steam requirement.	350.00	149.00	120.00	Shall add addl. process steam to meet the requirements of expansion units and help in generation of power.	Dec'10	Jun'11	88.53	191.83	Installation of Boiler completed upto Hydraulic test stage and balance erection is in progress. However there is delay by M/s. BHEL and pursued for commissioning.	There has been improvement by M/s. BHEL in supply and site activities for all the packages on continuous follow-up by RINL and also on taking up matter by Jt. Secretary (Steel), still completion of Boiler#6 and TG#5 are an area of concern. Matter is being pursued with M/s. BHEL
(ix)	67.5MW TG-5 Power Evacuation System	To meet addl power requirement.	358.00	173.00	96.00	Shall generate partly the power requirements of expansion units.	Dec'10	Aug'11	73.84	198.17	Major Civil and Structural works completed except for finishing works and equipment erection commissioned. However balance supplies are delayed from BHEL and being pursued.	

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
(x)	Strengthening of 220KV system of APTRANSCO	To strengthen AP power grid for transmission of power of 400 MVA	86.34	40.00	15.00	It enables to receive contracted demand of 400 KVA for RINL on expansion	Sep'12	Sep'12	0.00	14.78	Phase-I work is in advanced stage of completion and will be completed well ahead of requirement.	Payments to APTRANSCO delayed for certain clarifications.
(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	15.00	To augment to receive 400MVA power at VSP	Jan'11	Feb'11	0.00	0.00	--	Engineering completed. Supply to commence in IV Qtr.
(xii)	BF-1&2- Category Repairs	To carry out the Category-I capital repairs & enhance the volume to 3850 CuM from the existing 3200 CuM capacity.	1760.00	70.00	0.00	To increase the production by 0.5Mt from 2Mt to 2.5Mt of Hot Metal	21 Months from LOI date.	22 Months from Date of agreement	0.00	0.00	--	Order for BF-1 main package placed. LOI placed on 01-11-2010
(xiii)	Sinter Plant productivity enhancements	To increase the Production of Sinter to support the increase in the volume of BF. This is to meet the present pollution control norms.	343.00	20.00	0.00	To increase the production from 5.5 Mt to 6.8 Mt of Sinter.	By Mar'11.	To match with BF category repairs	0.00	0.00	--	Contract for appointment of consultancy agency is under process.
(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	0.00	Technological necessity to change the converters.	One Converter - March,2011 Other Two - March,2012	To match with BF category repairs	0.00	0.00	--	Global tender opened and is under finalisation.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
(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 straight-line cooler of sinter machines 1 & 2 under Technology co-operation with New Energy and Industrial Technology Development Organisation (NEDO), Japan under Green Aid Plan	150.20	30.00	10.00	To generate 20.6MW Electricity by capturing waste heat of sinter machines and without burning any fossil fuel.	25-03-2012 (34 months from the date signing of MoU i.e 25 th May'09)	25-03-2012 (34 months from the date signing of MoU i.e 25-05-2009)	0.49	0.50	--	M/s. MECON appointed as consultant. Civil, Structural and water system packages are ordered. Receipt of equipment from Japan under process
(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	2.00	To Increase water storage capacity by 16Mqm	--	--	0.00	0.00	--	Survey and soil testing done. Further jobs awaiting clearance from Ministry of Forests for shifting of green belt.
(xvii)	3rd 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 3rd converter and 4th caster.	884.00	10.00	1.00	To increase the production of steel by 0.97 Mt	30 months from date of signing of contract (Estimated: Sept'12)	30 months from date of signing of contract (Estimated: Sept'12)	0.00	0.00	--	Consultant finalised. Tender for converter issued in Jan'2011. Tender for Caster to be issued by Mar'11 in line with requirement.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
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 rawmaterial is to be transported through rail. It is therefore proposed to develop a permanent railway siding at Mangalore.	130.00	1.00	1.00	Handle receipt of 4mtpy iron ore at Mangalore	New timeliness will be finalised on obtaining necessary statutory clearance		--	--	Ref. Col. (8)	M/s KRL has submitted the revised DPR. To avoid Diamond crossing for safety reasons M/s KRL has realigned the already proposed route necessitating swapping of KIADB land and outright purchase of private land. Company is exploring possibilities of acquiring the said land from private parties. The proposal was placed before the Board of Directors for consideration. However, the Board has sought certain clarifications which are being placed before the Board.
(ii)	Construction of Bulk Material Handling facilities for receipt of Iron ore by rail.	Since major portion of raw material is to be transported thro 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	173.00	1.00	--	Supply of 4mtpy of iron ore for production of pellets	New timeliness will be finalised on obtaining necessary statutory clearance		--	--		

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iii)	Equity of KIOCL for setting up of an integrated steel plant alongwith Jt venture partner in State of Karnataka/JV with RINL for DISP Plant	Proposal is to set up an integrated steel plant in Jt Venture and also to set up a DISP etc	480.00	30.00	--	Production of 1,00,000 tpa of DISP	New timeliness will be finalised on obtaining necessary statutory clearance		--	--	Ref. Col. (8)	Board has agreed in principle for the formation of Jt Venture between M/s KIOCL & M/s RINL towards investment in setting up of DISP Plant, Power Plant and Oxygen Plant etc under forward and backward integration in Blast Furnace Unit. Contract has been awarded for updating the report on market assessment study of the Ductile Pipe in India. In this direction, on 14th Nov 2010, the Hon'ble Union Minister for Steel, Shri Virbhadra Singh, inaugurated a Joint Operation Wing for Establishment of Mining and Value Addition Projects in the State of Karnataka in association with M/s RINL.

(Rs. in crore)

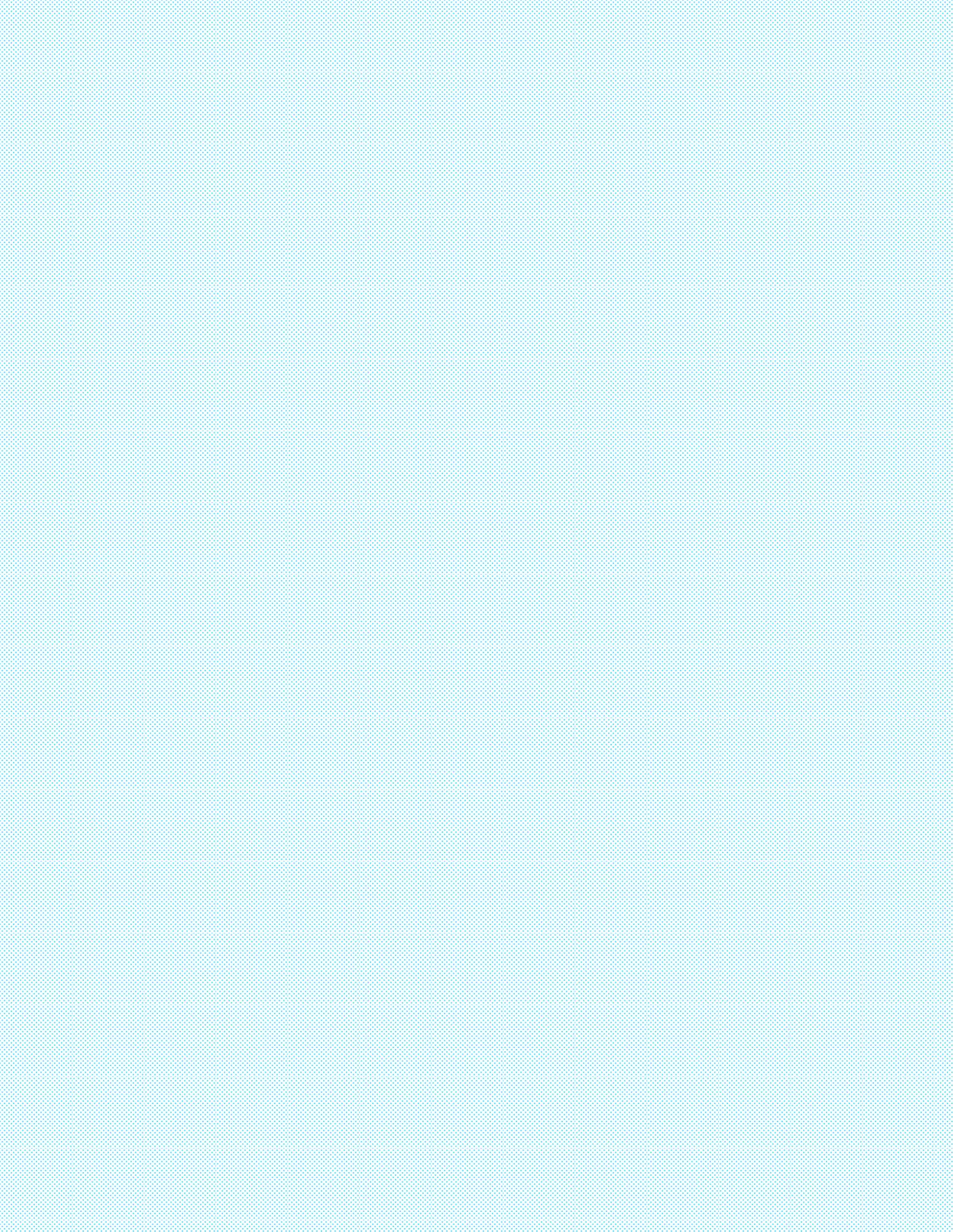
No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		Quantifiable Deliverables/ Projected Outcomes	Projected Outcomes		Actual Expenditure		Achievements w.r.t projected Outcomes in Col.7	Remarks/Risk factors
				BE	RE		Original	Now Anticipated	For Apr-Dec'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
(iv)	Eco-Town development at Kudremukh	The objective of developing Eco-tourism facility in Kudremukh is to develop a community based an commercial oriented eco-tourism project	437.00	--	--	Development of eco-tourism	New timeliness will be finalised on obtaining necessary statutory clearance		--	--	Ref. Col. (8)	In the recent meeting held with Govt of Karnataka, they have agreed in principle to set up Eco-Tourism facility at Kudremukh on Jt Venture with KIOCL.
(v)	Coke Oven Plant	Setting up of a Coke oven plant. This will improve the availability of coke at a cheaper price.	440.00	1.00	--	To reduce raw material cost	24 months from obtaining of necessary clearances		--	--	Ref. Col. (8)	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.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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 April-Dec'10	Cumulative upto Dec'10		
1	2	3	4	5	6	7	8	9	10	11	12	13
4.	NMDC Ltd.											
(i)	Bailadila Deposit 11B	To increase production of iron ore	607.18	200.00	55.00	Capacity of 7mtpa	Oct'09	Jun'11	31.30	245.42	--	Works are in progress. All the major works of package-3 have been completed. Substation work has been completed and about 75% of the package I&II are completed. Package 5B is also ordered. Frequent "Bandh" calls by Maoists are continuing to affect the progress at site. Action has been taken to improve the security to facilitate the work. All efforts are being made to complete construction work by June, 2011.
(ii)	Kumaraswamy Iron Ore Project	To increase production of iron ore	296.03	50.00	40.00	Phase-I capacity of 3mtpa	Dec'09	Sep'12	2.28	5.74	--	All the statutory clearance were obtained. Total project is split up in to 6 packages. M/s MECON has been appointed as EPCM consultant. Work awarded for package-1. Offers received for package-2 are under final stage of scrutiny. Order for package-3 has been placed. Tender documents for packages for approach road and service center are under process for approval. Invoices of Rs. 16 crore received on 1.11.10 are under process for payment.
5.	MOIL Ltd.											
(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	20.00	The project will be producing Ferro Manganese 31000 MT and Silico Mn. 75000 MT to cater the needs of SAIL	The project is scheduled to be completed by June'12	Project is expected to be completed as per schedule	2.00	2.10	--	Land has been acquired for the project and tender for procuring equipment are under process.

(Rs. in crore)

No	Name of PSUs and Scheme/ Programme	Objective/ Outcome	Estimated/ Sanctioned Cost	Approved Outlay 2010-11		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'10	Cumulative upto Dec'09		
1	2	3	4	5	6	7	8	9	10	11	12	13
(ii)	Joint Venture for Ferro Manganese/ Silico Manganese Plant	The project will be set up at Bobbili, as a Joint Venture with Steel Authority of India Ltd.	217.00	15.00	5.00	The project will be producing Ferro Mn. 20000 MT and Silico Mn. 37500 MT to cater the needs of RINL to cater the needs of RINL	The project is scheduled to be completed by June'12	Project is expected to be completed as per schedule	0.00	0.10	--	Land has been acquired for the project and tender for procuring equipment are under process.
6.	HINDUSTAN STEELWORKS CONSTRUCTION LTD											
(i)	Interest subsidy on term loan taken on VRS	To rationalize manpower through VRS	--	48.69	48.69	To reduce the employee strength to 776	By end of 2010-11	--	32.33	35.13	Manpower has come down to 840 as on 1.1.2011	This is not a scheme but budgetary support in the form of interest subsidy to HSCL for implementation of VRS
B.	<u>Scheme of Ministry of Steel</u>											
(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	35.00	29.00	(i) Use of low grade iron ore/slimes. (ii) Use of high ash coking/non coking coal in iron making (iii) Improvement in Sinter Plant Productivity (iv) Manufacturing of low phos steel through IF process using Direct Reduced Iron (DRI), (v) Development of Alternate/complementary route of iron making (vi) Reduction of CO2 emission in iron and steel making.	Mar'13	Mar'13	20.72	24.85	Projects just started	Expenditure Finance Committee has identified three broad areas under which the scheme will be promoted. In consultation with a Panel of Experts 9 R&D projects proposals have been short listed for consideration of Project Approval and Monitoring Committee (PAMC). The PAMC has approved 8 R&D projects. The total cost of the projects is Rs. 143 crore out of which Govt. grant is Rs. 111 crore.



CHAPTER - V**FINANCIAL REVIEW**

For the year 2011-2012, Demand No. 92 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 2011-12

1.1 The total financial requirements covered in Demand No. 92 for BE 2011-12, are summarized in the following Table :-

(Rs. in crore)

Demand No. 92 for 2011-2012	BE 2011-12		
	Plan	Non-Plan	Total
REVENUE SECTION	39.00	77.71	116.71
CAPITAL SECTION	1.00	0.00	1.00
Total (Gross)	40.00	77.71#	117.71

Includes provision of Rs. 6.95 cr. for accounting adjustments relating to waiver of guarantee fee.

2, ACTUAL EXPENDITURE: 2008-09 TO 2010-11 (UPTO DEC'10)

2.1. 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
2010-11	78.92	36.00	114.92	80.24	30.00	110.24	58.27	20.72	78.99#
2009-10	89.01	34.00	123.01	811.19	16.01	827.20	803.90 ⁽¹⁾	7.14	811.04
2008-09	85.52	34.00	119.52	748.65	26.00	774.65	740.82 ⁽²⁾	0.00	740.82

Expenditure upto Dec'10.

- (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. NON-PLAN EXPENDITURE

3.1 The Non-Plan provision of Ministry of Steel, including Secretariat Proper, PAO (Steel), Development Commissioner for Iron & Steel (DCI&S), Kolkata and the PSUs under this Ministry, in 2010-11 (BE & RE) and requirement of fund in 2011-12 (BE) are given in the following table :-

(Rs. in crore)

No.	Major Head & Item of Expenditure	BE 2010-11	RE 2010-11	% age increase in RE over BE 2010-11	BE 2011-12	% age increase over BE 2010-11
I.	MH – 3451					
1.	Secretariat - Economic Services	18.05	19.49	7.98%	20.37	12.85%
II.	MH – 2852					
2.	Development Commissioner for Iron & Steel, Kolkata	0.70	0.58	-17.14%	0.52	-25.71%
3.	Awards to Distinguished Metallurgists.	0.14	0.14	0.00%	0.14	0.00%
4.	Interest Subsidy :					
(i)	Subsidy to Hindustan Steelworks Construction Ltd. (HSCL) for payment of interest on loans raised from Banks for implementation of VRS	48.69	48.69	0.00%	46.90	-3.68%
(ii)	Subsidy to MECON Ltd. for payment of interest on loans raised from banks for implementation of VRS	4.04	4.04	0.00%	2.83	-29.95%
5.	Waiver of guarantee fee (Non-cash transaction) :					
(i)	HSCL – 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	1.20	1.20	0.00%	0.85	-29.17%
	<i>Less – Receipts netted [5(i) to (ii)]</i>	<i>-7.30</i>	<i>-7.30</i>	<i>-</i>	<i>-6.95</i>	<i>-</i>
	Total : Non- Plan Expenditure(Net of receipts)	71.62	72.94	1.84%	70.76	-1.20%
	Total : Non- Plan Expenditure(Gross)	78.92	80.24	1.67%	77.71	-1.53%

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

3.2. The Non-Plan provision of the Ministry in RE 2010-11 exceeded the BE 2010-11 mainly because of the additional provision required for salary, which was re-appropriated from the savings in Plan side.

3.3. As against Non-Plan provision of Rs. 78.92 crore in BE 2010-11, the BE 2011-12 is Rs. 77.71 crore. There is no increase in BE 2011-12 over the BE 2010-11.

4. PLAN EXPENDITURE

4.1. The total approved plan outlay in BE 2011-12 is Rs. 40.00 crore to cover the following:

- (i) An amount of Rs. 39.00 crore has been provisioned under revenue section for funding the scheme for promotion of R&D in the iron & steel sector being implemented by the Ministry during the 11th Plan (2007-12); **and**
- (ii) An amount of Rs. 1.00 crore has been provisioned under capital section for providing budgetary support to HSCL a financially weak PSU under the Ministry of Steel. The proposal for restructuring of the PSU is under consideration;

4.2. The total Plan budgetary support of Rs. 36.00 crore in BE 2010-11 was reduced to 30.00 crore in RE 2010-11. A total plan budgetary support of Rs. 40.00 crore has been provided in BE 2011-12. The break-up of plan provision during 2010-11 to 2011-12 is given in the following table:-

(Rs. in crore)						
No	Name of Organisation/ PSU	Scheme	Plan BS 2010-11 (BE)	Plan BS 2010-11 (RE)	Plan BS 2011-12 (BE)	%age increase over BE 2010-11 in BE 2011-12
1.	HSCL	Plan loan for capital repair and procurement of construction equipments & machinery	1.00*	1.00*	1.00	0.00%
2.	Ministry of Steel	Grants-in-aid for the scheme for promotion of R&D in the Iron & Steel sector	35.00	29.00	39.00	11.42%
Total			36.00	30.00	40.00	11.11%

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

5. BRIEF ON R&D SCHEME

5.1. 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 from FY 2009-10 (w.e.f. 1.4.2009).

5.2. Upto the end of January, 2011, a total of eight R&D Project proposals has been approved. The duration of these projects is from two years to three years. The year wise fund allocation and the amount released under the scheme is given below:

(Rs. in crore)				
Period	B.E	RE	Actual	Remarks
2009-10	26.00	13.00	4.14	The amount was released as the first installment of grant-in-aid.
2010-11	35.00	29.00	20.72	Rs. 20.72 released till Dec 2010.
2011-12	39.00			To be spent on eight approved projects and also on new projects to be approved.

6. ANNUAL PLAN OUTLAY FOR 2011-12(BE)

6.1 Based on the Annual Plan, 2011-12 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 2011-12 (BE) for Ministry of Steel has been approved by the Planning Commission:

(Rs. in crore)

		Actual 2009-10	BE 2010-11	RE 2010-11	BE 2011-12
a)	Gross Budgetary Support EAP component of GBS	7.14 0.00	36.00 0.00	30.00 0.00	40.00 0.00
b)	Internal & Extra Budgetary Resources (I&EBR)	13315.68	17163.82	16129.25	21062.71
	Total	13322.82	17199.82	16159.25	21102.71

6.2. Details of PSU-wise plan outlays for Annual Plan, 2010-11 (BE & RE) Annual Plan 2011-12 (BE) is given in the table below:

(Rs. in crore)

No.	Name of the PSU/ Organisation	BE 2010-11			RE 2010-11			BE 2011-12		
		IEBR	B.S.	Outlay	IEBR	B.S.	Outlay	IEBR	B.S.	Outlay
	A. Schemes of PSUs									
1	SAIL	12254.00	0.00	12254.00	12254.00	0.00	12254.00	14337.00	0.00	14337.00
2	RINL	4049.00	0.00	4049.00	2895.00	0.00	2895.00	3046.00	0.00	3046.00
3	HSCL	0.00	1.00	1.00	0.00	1.00	1.00	0.00	1.00@	1.00
4	MECON Ltd.	2.00	0.00	2.00	2.27	0.00	2.27	2.00	0.00	2.00
5	MSTC Ltd.	5.00	0.00	5.00	0.00	0.00	0.00	15.00	0.00	15.00
6	FSNL	12.00	0.00	12.00	12.00	0.00	12.00	12.00	0.00	12.00
7	NMDC Ltd.	611.00	0.00	611.00	720.00	0.00	720.00	3309.00	0.00	3309.00
8	KIOCL Ltd.	75.00	0.00	75.00	85.00	0.00	85.00	98.00	0.00	98.00
9	MOIL Ltd.	115.82	0.00	115.82	83.98	0.00	83.98	107.71	0.00	107.71
10	Bird Group of Cos.	40.00	0.00	40.00	77.00	0.00	77.00	136.00	0.00	136.00
11	Scheme for promotion of R&D in Iron & Steel sector	0.00	35.00	35.00	0.00	29.00	29.00	0.00	39.00	39.00
	TOTAL - A	17163.82	36.00	17199.82	16129.25	30.00	16159.25	21062.71	40.00	21102.71
	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	17163.82	36.00	17199.82	16129.25	30.00	16159.25	21062.71	40.00	21102.71

@ Token provision for restructuring of HSCL under consideration of the Govt

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

6.3. The Plan outlay of the Ministry of Steel for BE 2011-12 is Rs. 21102.71 crore which will be financed by budgetary support of Rs. 40.00 crore and IEBR of Rs. 21062.71 crore. Out of the budgetary support of Rs. 40.00 crore, an amount of Rs. 1.00 crore has been provided for HSCIL and Rs. 39.00 crore is for scheme for Promotion of Research and Development in Iron and Steel sector for development of innovative/path breaking and appropriate technologies for cost effective production of quality steel in environment friendly manner. **The total IEBR outlay of all PSUs is Rs. 21062.71 crore which includes outlay for SAIL (Rs. 14337.00 crore) and RINL (Rs. 3046.00 crore), NMDC Ltd. (3309.00 crore) and remaining CPSEs (Rs. 370.71 crore).** The PSU-wise position is given below:-

6.4. An amount of **Rs.14337.00 crore** has been provided for **Steel Authority of India Limited (SAIL)**. The broad details of outlay provided for various schemes of SAIL are as under:-

(i) Outlay of *Rs.6042.00 crore* has been provided for **Bhilai Steel Plant**. Major portion (Rs.5730.00 crore) of the total outlay is for modernization and expansion the Plant. Balance outlay is for schemes like 700 TPD Oxygen Plant, Re-building of Coke Oven Battery (COB) No.6 and other ongoing and new schemes.

(ii) Outlay of *Rs.950.00 crore* has been provided for **Durgapur Steel Plant**, of which Rs.775.00 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) Outlay of *Rs.2950.00 crore* has been provided for **Rourkela Steel Plant**. Major scheme included in the outlay is expansion of RSP (Rs. 2619.00 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) Outlay of *Rs.1700.00 crore* for **Bokaro Steel Plant** has been provided for expenditure on expansion of Bokaro Plant (Rs.1309.00 crore), Rebuilding of COB No.1 & 2, Installation of TB in Turbo Blower station, Upgradation of BF-2, Steel Processing Unit in Bettiah and other ongoing and new schemes.

(v) Outlay of *Rs.2100.00 crores* for **IISCO Steel Plant** is for Expansion of ISP (Rs.2069.00 crore), Rebuilding of COB No.10 and balance amount is for other ongoing and new schemes.

(vi) Outlay of *Rs.25.00 crore* for **Alloy Steels Plant** is for several completed and ongoing schemes costing less than Rs.20 crore.

(vii) Outlay of *Rs.100.00 crore* has been allocated for **Salem Steel Plant**. Major portion of the outlay is for Expansion of SSP (Rs.90.00 crore) and the remaining amount is for small value miscellaneous schemes.

(viii) Remaining outlay of *Rs.470.00 crore* have been provided for Visvesvaraya Iron & Steel Ltd. (Rs. 10 crore), Central Units of SAIL (Rs. 100.00 crore), Raw Materials Division (Rs. 350.00 crore), Maharashtra Electros melt Ltd. (Rs. 10 crore) for various ongoing and new schemes/ projects and research work.

6.5. Outlay of **Rs.3046.00 crore** has been provided for **Rashtriya Ispat Nigam Ltd.** for 2011-12. Major portion of this outlay amounting to Rs. 1600.00 crore is earmarked for expansion of RINL's production capacity to 6.5 million tonnes hot metal. Balance outlay is for AMR schemes, Coke Oven Battery No. 4 (Phase-I & II), Air Separation Plant, Pulverized Coal Injection, Acquisition of iron Ore Mines & Coking Coal mines, Facilities for Iron Ore Storage, 67.5 MW TG-5 Power Evacuation System, BF-1 Category repairs, 3rd Converter & 4th Caster, 20.6 MW Waster Heat Recovery Project etc.

6.6. Outlay of **Rs. 3309.00 crore**, has been provided for **NMDC Ltd.** Major portion of this outlay amounting to Rs. 2615.00 crore is earmarked for 3 million tonne Steel Plant in Chhattisgarh. Remaining plan outlay has been made for schemes/ projects like Bailadila Deposit-11B, Kumarswamy iron Ore Project, Pelletisation Plant at Donimalai, AMR/Township and R&D schemes etc.

6.7. Outlay of **Rs. 98.00 crore** has been provided for **KIOCL Ltd.**, of which Rs. 43.00 crore is for AMR schemes and Rs.25.00 crore for Coke Oven Plant. Remaining outlay is for various ongoing scheme and R&D/ feasibility studies.

6.8. Outlay of **Rs.107.71 crore** for **MOIL Ltd.** has been provided for investment in joint venture for Ferro Manganese/ Silico Manganese Plant with SAIL (Rs.25.00 crore), Ferro Manganese Plant at Bobbili in joint venture with RINL (Rs.10.00 crore), sinking of vertical shaft at Ukwa Mine, AMR schemes, township, R&D/feasibility studies etc.

6.9. Outlay of **Rs. 136.00 crore** for **Bird Group of Companies** is for Afforestation & Lease matters, Mineral based exploration activities and AMR schemes.

6.10. Outlay of **Rs. 2.00 crore** for **MECON Ltd.**, is for expansion, modification & augmentation of office space/guest house at various locations.

6.11. Outlay of **Rs. 15.00 crore**, has been provided for **MSTC Ltd.** for launching new schemes.

6.12. Outlay of **Rs. 12.00 crore** provided for **Ferro Scrap Nigam Ltd.**, is for AMR schemes.

7. 11TH FIVE YEAR PLAN 2007-2012 (APPROVED) & AMOUNT ACTUALLY SPENT, TARGET FIXED

7.1 For the 11th five year plan (2007-12), Planning Commission has approved total outlay of Rs. 45,607.08 crore (i.e. I&EBR of Rs. 45,390.08 crore and Gross Budgetary Support (GBS) of Rs. 217.00 crore). The outlay for 11th plan (approved) and the cumulative expenditure during the first four years i.e. 2007-08 to 2010-11 (upto Dec'2010) are given in the table below.

(Rs. In crore)

No.	Name of the PSU	Outlay for 11th Plan (Approved) (2007-08 to 2011-12)			Actual Expenditure (2007-08 to 2010-11) (upto Dec'10)		
		IEBR	GBS	Total	IEBR	GBS	Total
A.	PSUs						
1	Steel Authority of India Ltd.	27409.00	0.00	27409.00	26022.09	0.00	26022.09
2	Rashtriya Ispat Nigam Ltd.	9569.18	0.00	9569.18	8628.68	0.00	8628.68
3	Sponge Iron India Ltd.*	25.00	0.00	25.00	4.36	0.00	4.36
4	Hindustan Steelworks Con. Ltd.	0.00	35.00	35.00	0.00	3.00	3.00
5	MECON Ltd.	9.00	63.00	72.00	4.73	63.00	67.73
6	Bharat Refractories Ltd*	0.00	0.00	0.00	3.33	7.00	10.33
7	MSTC Ltd.	30.00	0.00	30.00	14.50	0.00	14.50
8	Ferro Scrap Nigam Ltd.	60.00	0.00	60.00	43.45	0.00	43.45
9	NMDC Ltd	7147.00	0.00	7147.00	1289.81	0.00	1289.81
10	KIOCL Ltd.	650.00	0.00	650.00	20.66	0.00	20.66
11	MOIL Ltd.	342.90	0.00	342.90	196.28	0.00	196.28
12	Bird Group of Companies	148.00	1.00	149.00	93.76	0.00	93.76
B.	New Scheme						
1	Scheme for promotion of R&D in the Iron & Steel Sector	0.00	118.00	118.00	0.00	24.86	24.86
2	TUFS for SME	0.00	0.00	0.00	0.00	0.00	0.00
3	Scheme for Institution of Manpower Development	0.00	0.00	0.00	0.00	0.00	0.00
Total (A+B)		45390.08	217.00	45607.08	36321.65	97.86	36419.51

*BRL and SIIL have been merged with SAIL and NMDC Ltd. respectively.

SUMMARY OF FIRST FOUR YEARS (2007-08 to 2010-11) OF 11TH PLAN

7.2. The year-wise total outlay approved by the Planning Commission and the total expenditure during 11th Plan (upto December 2010) are shown in the table given below:-

(Rs. In crore)

Year	BE			RE			Actual Expenditure		
	IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
2007-08	6137.70	66.00	6203.70	4259.81	66.00	4325.81	3761.03	70.00	3831.03
2008-09	9509.00	34.00	9543.00	8065.82	26.00	8091.82	8529.33	0.00	8529.33
2009-10	13722.66	34.00	13756.66	13236.45	16.01	13252.46	13315.68	7.14	13322.82
2010-11 (expdtr till Dec 2010)	17163.82	36.00	17199.82	16129.25	30.00	16159.29	10715.61	20.72	10736.33
Total	46533.18	170.00	46703.18	41691.33	138.01	41829.38	36321.65	97.86	36419.51

8. YEARWISE ANALYSIS OF GROSS BUDGETARY SUPPORT OUTLAY IN 11TH FIVE YEAR PLAN

8.1 The PSU/Scheme - wise break up of GBS of Rs.217.00 crore approved for 11th Plan (2007-12), actual expenditure during the 2007-08, 2008-09, 2009-10 and 2010-11(up to Dec'10) is as below :

(Rs. in crore)

No.	Name of Scheme	Plan BS allocated for 11 th Plan (2007-12)	2007-08		2008-09		2009-10		2010-11		Actual upto Dec'10
			Approved	Actual	Approved	Actual	Approved	Actual	BE	RE	
A. Schemes of PSUs											
1.	HSCCL – Capital repair and procurement of construction equipments & machinery	35.00	1.00	0.00	6.50	0.00	7.00	3.00	1.00	1.00	0.00
2.	MECON – Infusion of funds for Preference Share Capital	63.00*	63.00*	63.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.	Bird Group –AMR Schemes	1.00	0.00	0.00	1.00	0.00	1.00	0.00	0.00	0.00	0.00
4.	Bharat Refractories Ltd.-AMR schemes	0.00	1.00	7.00	8.00	0.00	0.00	0.0	0.00	0.00	0.00
B. Scheme of the Ministry											
1.	Scheme for Promotion of R&D in the Iron & Steel sector	118.00	1.00	0.00	18.50	0.00	26.00	4.14	35.00	29.00	20.72
TOTAL		217.00	66.00	70.00	34.00	0.00	34.00	7.14	36.00	30.00	20.72

* Provided under the restructuring package for MECON.

Token provision for conversion of loan into equity.

8.2 During 2007-08, there was an expenditure of Rs. 70.00 crore against the allocations of Rs. 66.00 crore in BE for the following reasons:

- (i) Rs. 63.00 crore was spent towards infusion of funds for Preference Share Capital in MECON Ltd.
- (ii) In addition to this, expenditure of Rs. 7.00 crore was also incurred for AMR schemes of BRL which was approved by Ministry of Finance at RE stage.
- (iii) Though a token provision of Rs.1.00 crore was provided for HSCL in 2007-08, the same could not be released to the company as the provision was linked to the proposed restructuring scheme for the company which was under consideration of the Govt.
- (iv) A token provision of Rs. 1.00 crore for R&D Scheme also could not be released.

8.3 During 2008-09, there was no expenditure because of the following reasons:-

- (i) Rs. 6.50 crore plan loan to HSCL could not be released because the company being a defaulter in repayment of loans/interest, Ministry of Finance did not agree to the grant of special dispensation due to restructuring proposal for the company which was under consideration.
- (ii) As a proposal for restructuring of Bird Group of Companies (Govt. managed company) was under consideration in the Ministry, the plan loan of Rs. 1.00 crore could not be utilized/released and was surrendered.
- (iii) Budgetary provision of Rs. 8.00 crore for AMR scheme of BRL was not released due to its financial restructuring and merger with SAIL approved by the Govt. on 24.4.2008.
- (iv) The budgetary provision of Rs. 18.50 crore for 'Scheme for promotion of Research & Development in Iron & Steel Sector' could not be utilized due to non-implementation of the scheme during 2008-09, as Ministry of Finance had advised this Ministry to initiate this scheme in the financial year 2009-10 (w.e.f. 1.4.2009).

8.4 During 2009-10, against the allocation of Rs. 34.00 crore in BE, Rs. 7.14 crore was spent because:-

- (i) The allocation of Rs. 7.00 crore, Plan loan for HSCL was reduced to Rs. 3.00 crore at the RE stage and the same was not released as special dispensation for loan default by HSCL was not approved by Ministry of Finance.
- (ii) Four R&D projects were approved and an amount of Rs. 4.1350 crore was released as the first installment of grant-in-aid for the projects.

8.5 During 2010-11, the BE Plan provision has been reduced from Rs. 36.00 crore to 30.00 crore at the RE stage by Ministry of Finance keeping in view the pace of expenditure under R&D Scheme.

- (i) Four more R&D projects have been approved. Till January 2011, an amount of Rs.20.72 crore has been released under R& D Scheme.
- (ii) Till January 2011, an amount of Rs. 1.00 crore earmarked for HSCL has not been spent, as restructuring of HSCL is yet to be approved.

9. PLAN OUTLAY AND ACTUAL EXPENDITURE DURING 2009-10 AND 2010-11 (Upto Dec'10) OF 11TH FIVE YEAR PLAN (2007-12)

9.1 Plan outlay vis-à-vis expenditure during 2009-10

(Rs. in crore)

	Name of the PSU/ Organisation	BE 2009-10			RE 2009-10			Actual Expenditure		
		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	10606.00	0.00	10606.00
2	RINL	2437.00	0.00	2437.00	2224.48	0.00	2224.48	2278.20	0.00	2278.20
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	3.00	3.00
5	MECON	2.00	0.00	2.00	5.00	0.00	5.00	4.73	0.00	4.73
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	2.05	0.00	2.05
8	FSNL	11.80	0.00	11.80	12.00	0.00	12.00	10.14	0.00	10.14
9	NMDC Ltd.	700.00	0.00	700.00	543.00	0.00	543.00	378.88	0.00	378.88
10	KIOCL Ltd.	85.00	0.00	85.00	10.00	0.00	10.00	6.15	0.00	6.15
11	MOIL	102.25	0.00	102.25	65.36	0.00	65.36	26.04	0.00	26.04
12	Bird Group	15.61	1.00	16.61	15.61	0.01#	15.62	3.49	0.00	3.49
	TOTAL-A	13722.66	8.00	13730.66	13236.45	3.01	13239.46	13315.68	3.00	13318.68
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	4.14	4.14
	TOTAL – B	0.00	26.00	26.00	0.00	13.00	13.00	0.00	4.14	4.14
	GRAND TOTAL: A + B	13722.66	34.00	13756.66	13236.45	16.01	13252.46	13315.68	7.14	13322.82

* 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.

9.2. Plan outlay vis-à-vis expenditure during 2010-11**(Rs. in crore)**

	Name of the PSU/ Organisation	BE 2010-11			RE 2010-11			Actual Expenditure (upto Dec'10)		
		IEBR	GBS	Total	IEBR	GBS	Total	IEBR	GBS	Total
A.	Schemes of PSUs									
1	SAIL	12254.00	0.00	12254.00	12254.00	0.00	12254.00	8002.09	0.00	8002.09
2	RINL	4049.00	0.00	4049.00	2895.00	0.00	2895.00	2155.28	0.00	2155.28
4	HSCL	0.00	1.00	1.00	0.00	1.00	1.00	0.00	0.00	0.00
5	MECON	2.00	0.00	2.00	2.27	0.00	2.27	0.00*	0.00	0.00
7	MSTC	5.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00
8	FSNL	12.00	0.00	12.00	12.00	0.00	12.00	9.05	0.00	9.05
9	NMDC Ltd.	611.00	0.00	611.00	720.00	0.00	720.00	440.93	0.00	440.93
10	KIOCL Ltd.	75.00	0.00	75.00	85.00	0.00	85.00	4.56	0.00	4.56
11	MOIL	115.82	0.00	115.82	83.98	0.00	83.98	29.12	0.00	29.12
12	Bird Group	40.00	0.00	40.00	77.00	0.00	77.00	74.58	0.00	74.58
	TOTAL-A	17163.82	1.00	17164.82	16129.25	1.00	16130.25	10715.61	0.00	10715.61
B.	Scheme of Ministry of Steel									
	1. Scheme for promotion of R&D in Iron & Steel sector	0.00	35.00	35.00	0.00	29.00	29.00	0.00	20.72	20.72
	TOTAL – B	0.00	35.00	35.00	0.00	29.00	29.00	0.00	20.72	20.72
	GRAND TOTAL: A + B	17163.82	36.00	17199.82	16129.25	30.00	16159.29	10715.61	20.72	10736.33

*(Upto September, 2010)

10. STATUS OF OUTSTANDING UTILISATION CERTIFICATES

As on 31.12.2010, no utilization certificate is pending from PSUs. Utilisation Certificates from Research Institutions under R&D Scheme have not yet become due.

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

1.1 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.

1.2 PHYSICAL PERFORMANCE*(in '000 tonnes)*

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Likely Actual (upto Dec'10)	BE
(i)	Hot Metal	15199	14442	14505		14771	11134	14347
(ii)	Crude Steel	13962	13411	13506		13730	10227	13780
(iii)	Saleable Steel	13044	12494	12632		12630	9414	12400
(iv)	Pig Iron	441	267	323		254	225	153

1.3 FINANCIAL PERFORMANCE*(Rs. in crore)*

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Income	48278	53718	45565		44865	36804	#
(ii)	Operating Cost	35323	42776	33694		36898	30438	
(iii)	Gross Margin	12955	10942	11871		7967	6366	
(iv)	Profit (Loss) before Tax	11469	9403	10132		4671	4969	
(v)	Profit (Loss) after Tax	7537	6175	6754		3083	3374	
(vi)	Dividend proposed*	1528	1074	1363		826	496	
	<i>of which:</i>							
	Dividend proposed to the Govt. of India	1312	922	1170		709	425	

* Excluding dividend tax.

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 BE 2011-12 is highly stock sensitive and would violate listing agreement.

2. RASHTRIYA ISPAT NIGAM LIMITED (RINL)

2.1 The company's capital structure as on 31st March, 2010 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.

2.2 PHYSICAL PERFORMANCE

(in '000 tonnes)

No	Item	2007-08 (Actual)	2008-09* (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE @
(i)	Hot Metal	3913	3546	3900	4060	3820	2812	4350
(ii)	Crude Steel	3129	2963	3205	3323	3165	2340	3673
(iii)	Saleable Steel	3075	2701	3167	3100	3000	2217	3467
(iv)	Pig Iron	495	322	408	454	376	267	368

*In second half of 2008-09 production cut was resorted due to un-precedented global meltdown.

2.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (Prov.) (upto Dec'10)	BE @
(i)	Income	11680.61	12303.61	11392.16	10876.88	11486.97	8088.72	13752.24
(ii)	Operating Cost	8165.68	9948.10	9789.79	9876.88	10686.18	7341.50	13339.92
(iii)	Gross Margin	3514.93	2355.51	1602.37	1000.00	800.79	747.22	412.32
(iv)	Profit (Loss) before Tax	2995.36	2026.59	1247.65	438.21	402.25	419.55	-358.85
(v)	Profit (Loss) after Tax	1942.74	1335.57	796.67	126.63	236.23	285.43	-239.53
(vi)	Dividend paid	--	--	339.18	--	--	--	200.00#

#Estimated towards final dividend of 2010-11/interim dividend 2011-12.

@ As per MoU 2011-12 submitted to DPE which would be finalized after discussion with ATF members.

2.4 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. As majority of the expansion units are scheduled to be commissioned during the year 2011-12, this would have the impact of higher depreciation cost apart from generation of large quantities of semi-finished products due to required stabilisation time thereby affecting the overall profitability of the year. 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.

2.5 As per the restructuring done in respect of Bird Group of Companies, RINL has become the holding company of EIL. EIL has become holding company of OMDC & BSLC. Thus all the three operational companies under the Bird Group namely, EIL, OMDC and BSLC are subsidiary companies of RINL and have become Public Sector Undertakings.

3. HINDUSTAN STEELWORKS CONSTRUCTION LIMITED (HSCL)

3.1 As on 31st March, 2010, 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.

3.2 PHYSICAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08	2008-09	2009-10	2010-11			2011-12
		(Actual)	(Actual)	(Actual)	BE (MOU)	RE	Actual (upto Dec'10)	BE (MOU) proposed
(i)	Order Booking	940.00	871.00	1036.00	960.00	--	1502.77	1800.00

3.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08	2008-09	2009-10	2010-11			2011-12
		(Actual)	(Actual)	(Actual)	BE (MOU)	RE	Actual (upto Dec'10)	BE (MOU) proposed
(i)	Income	526.18	721.26	800.35	840.00		626.51	1200.00
(ii)	Operating Cost	485.97	656.63	731.26	786.00		590.12	1120.00
(iii)	Gross Margin (PBIDT)	40.21	64.63	69.09	54.00		36.39	80.00
(iv)	Profit (Loss) before Tax	-26.72	-6.88	-54.59	-49.30		-39.12	-26.00
(v)	Profit (Loss) after Tax	-26.72	-6.88	-54.59	-49.30		-39.12	-26.00
(vi)	Dividend paid/ proposed	Nil	Nil	Nil	Nil		Nil	Nil
	<i>of which:</i>							
	Dividend proposed to the Govt. of India	Nil	Nil	Nil	Nil		Nil	nil

The financial results also are improving with the company earning an operating profit of Rs.69.09 crore during 2009-10. The company is taking various initiatives to improve all round efficiency in business operations. Presently, a proposal for restructuring of HSCL is under consideration of the Government.

4. MECON LTD.

4.1 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.

4.2 PHYSICAL PERFORMANCE

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

4.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Income	504.15	614.66	668.86	493.00	600.35	450.28	515.50
(ii)	Operating Cost	438.78	528.46	533.35	450.00	485.35	347.55	466.65
(iii)	Gross Margin	65.37	86.20	135.51	43.00	115.00	102.73	48.85
(iv)	Profit (Loss) before Tax	39.53	74.76	124.69	36.50	104.00	94.43	42.50
(v)	Profit (Loss) after Tax	33.32	65.88	82.62	36.50	62.00	63.06	39.50
(vi)	Dividend paid/ proposed	1.00	3.15	3.15	3.15	3.15	2.36	3.15
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	1.00	3.15	3.15	3.15	3.15	2.36	3.15

5. MSTC LTD.

5.1 As on 31.3.2010, 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.

5.2 PHYSICAL PERFORMANCE

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

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Marketing	6345	8881	6385	4000	4598	4677.54	5000
(ii)	Agency	4634	11121	6354	6000	4502	5315.82	7000

5.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Income	5197.11	7082.09	4381.18	4173.00	4771.42	1240.98	5201.00
(ii)	Operating Cost	5058.78	6950.00	4243.51	4043.00	4646.42	1102.71	5050.60
(iii)	Gross Margin	138.33	132.09	137.67	130.00	125.00	138.27	150.40
(iv)	Profit (Loss) before Tax	134.47	129.53	135.99	75.50	74.50	83.66	97.90
(v)	Profit (Loss) after Tax	92.20	85.05	86.10	49.83	49.17	55.34	65.00
(vi)	Dividend paid/ proposed	18.48	17.05	17.23	9.97	9.83	--	13.00
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	16.63	15.34	15.48	8.96	8.83	--	11.68

6. FERRO SCRAP NIGAM LIMITED (FSNL)

6.1 As on 31.3.2010, the company's net worth was Rs.136.67 crore.

6.2 PHYSICAL PERFORMANCE

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Recovery of Scrap (in lakh M.T.)	23.77	22.63	23.71	24.80	27.50	19.62	28.50
(ii)	Market Value of Production (Rs.in Crore)	1045.95	995.82	1043.40	1091.33	1210.00	863.10	1254.00

6.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Income	128.22	137.30	158.61	151.90	165.32	112.86	177.71
(ii)	Operating Cost	112.36	120.47	137.42	132.20	147.28	101.64	156.90
(iii)	Gross Margin	15.86	16.83	21.19	19.70	18.04	11.22	20.81
(iv)	Profit (Loss) before Tax	2.01	4.31	5.76	4.05	3.39	0.86	5.31
(v)	Profit (Loss) after Tax	0.73	2.23	4.18	2.67	2.26	0.57	3.55
(vi)	Dividend paid/ proposed	0.47	0.52	1.01	0.00	0.00	0.00	0.00
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India#	0.40	0.45	0.86	0.00	0.00	0.00	0.00

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

6.4 FSNL's performance depends upon scrap in the slag and scrap generation in various forms. For the period 2007-08 to 2009-10, the income of FSNL increased due to increase in production, particularly in the area of handling of slag. This also resulting in proportionate increase of Gross Margin, PBT & PAT. Continuous efforts are being made by the company to reduce the cost reasonably within the limits. The Gross Margin is declining in 2010-11 due to rise in operating cost.

7. NMDC Ltd.

7.1 Against an authorized share capital of Rs.400.00 crore, the issued and paid up capital was 396.47 crore as on 31.3.2010 after issuing Bonus Share in the ratio of 2:1 during the year 2008-09. The Government of India was holding 98.38% of NMDC's shares. In the year 2009-10, Govt. of India has disinvested the shares of NMDC worth Rs.33.22 crore brought down the share holding to approx 90%. NMDC Ltd. is a debt free company.

7.2. PHYSICAL PERFORMANCE

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (Prov) (upto Dec'10)	BE
(i)	PRODUCTION:							
	IRON ORE (LAC MT)	298.16	285.15	238.03	180.00	210.00	165.29	240.00
	DIAMONDS (CARATS)	-	-	-	35000	35000	10866	40000
(II)	SALES							
	IRON ORE (LAC MT)	281.84	264.72	240.85	205.00	254.00	179.01	253.00
	DIAMONDS (CARATS)	2632	-	-	35000	35000	18422	40000

7.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (Prov) (upto Dec'10)	BE
(i)	Income	6412.01	8575.46	7098.90	5366.00	11190.00	8432.18	11030.00
(ii)	Operating Cost	1401.08	1850.21	1814.96	1698.00	2437.00	1788.23	2756.00
(iii)	Gross Margin (1-2)	5010.93	6725.25	5283.94	3668.00	8753.00	6643.95	8274.00
(iv)	Depreciation/DRE	63.46	77.02	76.62	98.00	107.00	80.34	149.00
(v)	Profit (Loss) before Tax	4947.47	6648.23	5207.32	3570.00	8646.00	6563.61	8125.00
(vi)	Profit (Loss) after Tax	3250.98	4372.38	3447.26	2357.00	5774.00	4383.31	5426.00
(vii)	Dividend paid*/ Proposed	651.53	876.20	693.82	-	-	-	-
	<i>Of which :</i>							
	Dividend paid/ proposed to the GOI	641.00	862.04	649.39	-	-	-	-

8. KIOCL Ltd.

8.1 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.

8.2 PHYSICAL PERFORMANCE

(In million tonnes)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Pellet	1.927	1.316	1.273	2.780	2.500		3.000
(ii)	Pig Iron (incl. auxiliary)	0.157	0.118	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.

8.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Actual (upto Dec'10)	BE
(i)	Income	1565.41	1422.15	912.59	1811.14	2162.17	1279.72	2713.98
(ii)	Operating Cost	1353.67	1354.48	1047.23	174.76	2075.20	1198.71	2605.52
(iii)	Gross Margin	211.74	67.67	-134.64	66.38	86.97	81.01	108.46
(iv)	Profit (Loss) before Tax	156.51	24.18	-194.95	31.48	53.39	54.54	74.85
(v)	Profit (Loss) after Tax	108.16	22.01	-177.27	20.78	35.24	36.33	49.99
(vi)	Dividend paid/ proposed	21.63	6.34	-	-	7.05	5.12	9.99
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	21.42	6.28	-	-	6.98	5.07	9.89

8.4 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.

8.5 The performance of the company has improved substantially in 2010-11 and it has earned profit before tax (PBT) of Rs. 54.54 crore and profit after tax (PAT) of Rs. 36.33 crore (upto Dec'10) against net loss of Rs. 177 crore during FY 2009-10. The company has paid an interim dividend of Rs. 5.12 crore to the Government

9. MOIL LIMITED

9.1 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, 2010 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 71.57% share holding.

9.2 PHYSICAL PERFORMANCE

(Production in MT)

No.		2007-08	2008-09	2009-10	2010-11			2011-12
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'10)	BE
	PRODUCTION:							
(i)	Manganese Ore	1364575	1175318	1093363	1075000	1150000	814311	1100000
(ii)	Electrolytic Manganese Dioxide	1122	1240	1150	1300	1000	629	1000
(iii)	Ferro Manganese	11130	10120	9555	10000	9000	7076	10000

9.3 FINANCIAL PERFORMANCE

(Rs. in crore)

No.		2007-08	2008-09	2009-10	2010-11			2011-12
		(Actual)	(Actual)	(Actual)	BE	RE	Actual (upto Dec'10)	BE
i)	Income	1030.04	1407.99	1101.37	743.03	1236.49	955.56	1164.51
ii)	Operating Cost	286.49	435.66	383.47	404.06	383.35	312.14	493.33
iii)	Gross Margin	750.98	1031.42	732.09	383.75	817.79	676.43	715.10
v)	Profit (Loss) Before Tax	734.91	1006.76	706.79	353.50	519.85	656.18	450.69
v)	Profit (Loss) After Tax	479.82	663.79	466.35	233.34	519.85	435.21	450.69
vi)	Dividend Paid/ Proposed	96.60	133.00	94.08				
	<i>Of which :</i>							
	Dividend paid/ proposed to the GOI	78.80	108.49	76.74				

There is no shortfall in physical and financial performance of MOIL vis-à-vis targets for 2010-11 so far. Infact, the performance of the company on both counts has exceeded the targets, except production of Electrolytic Manganese Dioxide.

10. BIRD GROUP OF COMPANIES

10.1 As per the restructuring done in respect of Bird Group of Companies, RINL has become the holding company of EIL. EIL has become holding company of OMDC & BSLC. Thus all the three operational companies under the Bird Group namely, EIL, OMDC and BSLC are subsidiary companies of RINL and have become Public Sector Undertakings.

10.2 THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED (OMDC)

OMDC is a subsidiary company of EIL. It was incorporated in the year 1918, it has become a PSU in March, 2010. 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 company has plan for diversification and value addition. It is planning to set up 2 mtpa beneficiation and 2 mtpa pellet plant at Barbil, Orissa. It has also plans to increase the production upto 10 million tons of iron ore and 1 million tons of manganese ore in next few years. The authorized as well as paid - up capital of the company is Rs.0.60 crore.

10.3 PHYSICAL PERFORMANCE

(In lakh MT)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Prov. (upto Dec'10)	BE
1.	Production							
	Iron Ore	17.28	16.60	5.64	20.00	0.66	0.66	12.00
	Manganese Ore	0.82	0.32	0.17	0.42	0.13	0.13	0.20
	Sponge Iron	0.11	0.03	0.08	0.18	0.05	0.02	-
2.	Despatch							
	Iron Ore	16.63	17.34	6.43	20.00	3.00	2.00	18.00
	Manganese Ore	0.86	0.26	0.19	0.42	0.15	0.07	0.20
	Sponge Iron	0.17	0.02	0.06	0.18	0.05	0.04	-

10.4 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Prov. (upto Dec'10)	BE
(i)	Income	302.54	348.68	166.53	345.00	108.72	77.94	308.70
(ii)	Operating Cost	74.66	59.39	51.72	185.08	55.69	38.22	203.61
(iii)	Gross Margin	227.88	289.29	114.81	159.92	53.03	39.72	105.09
(iv)	Profit (Loss) before Tax	224.46	286.24	112.26	141.42	31.48	19.78	87.59
(v)	Profit (Loss) after Tax	148.84	181.81	74.44	93.34	21.02	11.58	58.51
(vi)	Dividend paid/ proposed	22.32	27.30	11.16	-	-	-	-
	<i>Of which :</i>							
	Dividend paid/ proposed to the Govt. of India	3.17	3.88	-	-	-	-	-

10.5 THE BISRA STONE LIME COMPANY LIMITED (BSLC)

BSLC is a subsidiary company of EIL and has become PSU in March, 2010. BSLC was incorporated in the year 1910. The company is engaged in mining and marketing of Limestone and Dolomite. Its mines are located in Birmitrapur in the district of Sundargarh, Orissa. The authorised as well as paid up capital of BSLC is Rs.87.50 crore and Rs. 87.29 crore respectively. As on 31.3.2010, the net worth of the company is Rs. 5.67 crore.

10.6 PHYSICAL PERFORMANCE

(In lakh MT)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Prov. (upto Dec'10)	BE
1.	Production							
(i)	Limestone	2.83	2.06	2.09	3.60	1.30	1.12	2.40
(ii)	Dolomite	8.31	8.64	9.56	6.00	8.30	6.29	7.20
2.	Despatch							
(i)	Limestone	2.42	2.02	2.44	4.80	2.00	1.83	2.40
(ii)	Dolomite	8.27	7.95	9.26	7.80	8.23	6.28	7.20

10.7 FINANCIAL PERFORMANCE

(Rs. in crore)

No	Item	2007-08 (Actual)	2008-09 (Actual)	2009-10 (Actual)	2010-11			2011-12
					BE	RE	Prov. (upto Dec'10)	BE
(i)	Income	45.82	50.85	682.73	89.00	65.54	44.13	60.00
(ii)	Operating Cost	44.63	45.43	621.42	69.60	70.05	47.58	65.52
(iii)	Gross Margin	1.19	5.43	-	19.40	-4.51	-3.45	-5.52
(iv)	Profit (Loss) before Tax	-81.60	-91.35	620.63	18.80	-5.09	-3.89	-6.00
(v)	Profit (Loss) after Tax	-81.61	-91.38	-	12.41	-5.09	-3.89	-6.00
(vi)	Dividend paid/ proposed	-	-	-	-	-	-	-
	<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.
