

GOVERNMENT OF INDIA  
MINISTRY OF STEEL

**RAJYA SABHA**  
**STARRED QUESTION NO.\*156**  
FOR ANSWER ON 07/03/2013

**FERRO SCRAP NIGAM LTD.**

\*156. SHRI TAPAN KUMAR SEN:

Will the Minister of STEEL be pleased to state:

- (a) when and by whose initiatives M/s Ferro Scrap Nigam Ltd. (FSNL), a central PSU was constituted and for which purpose;
- (b) whether this CPSU is functioning within the premises of SAIL plants at Rourkela, Burnpur, Bhillai, Bokaro, Durgapur etc. and executing the earmarked jobs as a part and parcel of SAIL;
- (c) whether FSNL is awarded the job on nomination basis since the company's inception;
- (d) whether the change in such practice from nomination to competitive bidding is under consideration;
- (e) if so, the reasons for change in practice;
- (f) whether this change would make the company sick; and
- (g) if so, the steps proposed to save the company?

**ANSWER**

THE MINISTER OF STEEL

(SHRI BENI PRASAD VERMA)

(a)to(g): A Statement is laid on the Table of the House.

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**STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (G) OF THE  
RAJYA SABHA STARRED QUESTION NO.\*156 FOR ANSWER ON  
07/03/2013 Tabled BY SHRI TAPAN KUMAR SEN, MEMBER OF  
PARLIAMENT REGARDING FERRO SCRAP NIGAM LTD.**

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(a)&(b): M/s Hocket Engineering Co., USA had been handling metal scrap recovery in steel plants since 1957. After enactment of Foreign Exchange Regulation Act, in 1974, Ferro Scrap Nigam Ltd. (FSNL) was incorporated in 1979 by Govt. of India by acquiring 60% of shares through Metal Scrap Trade Corporation (MSTC) Ltd., then a subsidiary of SAIL, and keeping the remaining 40% with Harsco Corporation, USA. Subsequently in 1982 MSTC was de-linked from SAIL and made an independent company under Ministry of Steel. In June, 2002 MSTC acquired the balance 40% shares from Harsco Corporation, USA and thus FSNL became a wholly owned subsidiary of MSTC Ltd. FSNL is functioning within the premises of SAIL Plants at Rourkela, Burnpur, Bhilai, Bokaro, Durgapur and Rashtritya Ispat Nigam Ltd. (RINL), Visakhapatnam for executing the jobs relating to slag processing, metal scrap recovery, etc.

(c)to(g): FSNL is fully dependent on SAIL Steel Plants and RINL for its sustenance and, therefore, loss of business from SAIL and RINL will adversely affect viability of the FSNL unless they diversify their client base urgently. Based on mutual convenience SAIL and RINL have been awarding the work on nomination basis to FSNL since its inception, and the practice is continuing. RINL has already renewed its work contract with FSNL upto 31.10.2014. SAIL also renews its contract with FSNL periodically. Meanwhile, as a part of diversification, FSNL has started its units at Bharat Heavy Electricals Ltd. (BHEL), Haridwar and Rail Wheel Factory, Bengaluru.

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