

MINISTRY OF STEEL

DEMAND NO. 88

Ministry of Steel

A. The Budget allocations, net of recoveries, are given below:

		<i>(In crores of Rupees)</i>								
Major Head		Budget, 2002-2003			Revised, 2002-2003			Budget, 2003-2004		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	Revenue	...	68.19	68.19	...	321.71	321.71	...	68.31	68.31
	Capital	12.00	2.00	14.00	12.00	208.12	220.12	11.00	2.00	13.00
	Total	12.00	70.19	82.19	12.00	529.83	541.83	11.00	70.31	81.31
1. Secretariat-Economic Services	3451	...	6.59	6.59	...	6.54	6.54	...	8.04	8.04
Iron and Steel Industries										
2. Non-Plan loans to Public Enterprises										
2.01 Hindustan Steelworks Construction Ltd.	6852	...	...	...	...	61.11	61.11	...	...	...
2.02 Bird Group of Companies	6852	...	2.00	2.00	...	2.00	2.00	...	2.00	2.00
2.03 Bharat Refractories Ltd.	6852	...	...	...	...	145.00	145.00	...	...	...
	<i>Total</i>	...	2.00	2.00	...	208.11	208.11	...	2.00	2.00
3. Subsidies										
3.01 Interest Subsidy to Hindustan Steelworks Construction Limited for loans raised for implementation of VRS	2852	...	35.00	35.00	...	86.40	86.40	...	33.12	33.12
3.02 Subsidy to Hindustan Steelworks Construction Limited for waiver of guarantee fee	2852	...	0.92	0.92	...	6.60	6.60	...	0.92	0.92
3.03 Subsidy to BRL for waiver of guarantee fee	2852	...	...	...	...	0.54	0.54	...	0.30	0.30
3.04 Interest Subsidy to Steel Authority of India for loans raised from banks for implementation of VRS	2852	...	18.60	18.60	...	28.53	28.53	...	18.60	18.60
3.05 Interest Subsidy to MECON Ltd. for loans raised from banks for implementation of VRS	2852	...	3.47	3.47	...	3.47	3.47	...	3.47	3.47
	<i>Total</i>	...	57.99	57.99	...	125.54	125.54	...	56.41	56.41
4. Grants-in-aid to Public Enterprises for VRS										
4.01 Indian Iron and Steel Company Ltd.	2852	...	...	...	...	186.00	186.00	...	...	...
5. Investment in Public Enterprises	6852	12.00	...	12.00	12.00	...	12.00	11.00	...	11.00
6. Accounting Adjustment in respect of revival plan of Bharat Refractories Ltd.										
6.1 Conversion of Loan into Equity	4852	...	...	...	...	0.01	0.01	...	...	...
7. Other Programmes	2852	...	3.61	3.61	...	3.63	3.63	...	3.86	3.86
Grand Total		12.00	70.19	82.19	12.00	529.83	541.83	11.00	70.31	81.31
B. Investment in Public Enterprises	Head of Dev.	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
5.01 Steel Authority of India Ltd.	12852	...	500.00	500.00	...	350.00	350.00	...	600.00	600.00
5.02 Rashtriya Ispat Nigam Ltd.	12852	...	55.00	55.00	...	62.00	62.00	...	227.00	227.00
5.03 Sponge Iron India Ltd.	12852	...	5.00	5.00	...	4.75	4.75	...	5.00	5.00
5.04 Hindusthan Steelworks Construction Ltd.	12852	4.00	5.00	9.00	4.00	...	4.00	4.00	...	4.00
5.05 Bharat Refractories Ltd.	12852	5.00	8.00	13.00	5.00	...	5.00	5.00	2.00	7.00
5.06 National Mineral Development Corporation Ltd.	12852	...	527.05	527.05	...	834.45	834.45	...	481.55	481.55
5.07 Kudremukh Iron Ore Company Ltd.	12852	...	133.00	133.00	...	119.68	119.68	...	30.00	30.00
5.08 Manganese Ore India Ltd.	12852	...	32.50	32.50	...	21.76	21.76	...	26.75	26.75
5.09 Bird Group of Companies	12852	1.00	2.45	3.45	1.00	...	1.00	1.00	1.50	2.50
5.10 MECON Ltd.	12852	2.00	2.00	4.00	2.00	...	2.00	1.00	...	1.00
5.11 MSTC Ltd.	12852	...	20.00	20.00	...	63.48	63.48	...	5.00	5.00
5.12 Ferro Scrap Nigam Ltd.	12852	...	12.00	12.00	...	13.61	13.61	...	11.50	11.50
5.13 Research and Technology Mission	12852	...	95.00	95.00	...	95.00	95.00	...	60.00	60.00
	Total	12.00	1397.00	1409.00	12.00	1564.73	1576.73	11.00	1450.30	1461.30
C. Plan Outlay										
1. Iron & Steel	12852	12.00	1397.00	1409.00	12.00	1564.73	1576.73	11.00	1450.30	1461.30

1. **Secretariat:** Provision is for secretariat expenditure of Ministry of Steel.

2. **Non-plan loan to Public Enterprises :**

- (a) Bird Group of Companies: The provision is intended to meet gap in resources of the Company.
- (b) Hindustan Steelworks Construction Ltd.: The provision is for payment of outstanding statutory dues.
- (c) Bharat Refractories Ltd.: The provision is for implementation of Voluntary Retirement Scheme(VRS) in the Company, as provided under the revival package of BRL.

3. **Subsidies to Public Enterprises :**

3.01&3.02 **Hindustan Steel works Construction Limited:**

- (i) For payment of interest on loans raised from banks for implementation of Voluntary Retirement Scheme(VRS).
- (ii) For waiver of guarantee fee for the guarantee given by GOI for cash credit and bank guarantee.

3.03 **Bharat Refractories limited:** For waiver of gurantee fee for the gurantee given by GOI.

3.04 **Steel Authority of India Limited:** For payment of 50% interest subsidy on loans raised from banks for implementation of Voluntary Retirement Scheme (VRS).

3.05 **MECON Ltd.:** For payment of 50% interest subsidy on the loan taken by the company for VRS.

4. **Grants-in-Aid to Public Enterprises for Voluntary Retirement Scheme:** The provision has been made for implementation of Voluntary Retirement Scheme in Kulti Works of Indian Iron & Steel Company(IISCO).

5. **Investment in Public Sector Enterprises :** In order to implement various capital schemes by the public sector enterprises, under the administrative control of Ministry of Steel, budgetary support by way of equity investment and loans is extended to these enterprises. The equity and loan-wise break-up of the budgetary support to these enterprises and the I.& E.B.R. are given in Expenditure Budget Vol.I.

6. **Accounting Adjustment in Respect of Revival Plan of Bharat Refractories Ltd.:** Token provision for conversion of outstanding loan amounting to Rs.97.89 crores into equity.

7. **Other Programmes :** These includes establishment expenses on office of the Development Commissioner for Iron & Steel, Kolkata, an attached office of the Ministry and awards distigushed metallurgists given annually.

Public Enterprises under Ministry of Steel

5.01 **Steel Authority of India Limited :** It has six major steel plants under its control located at Bokaro, Bhilai, Rourkela, Durgapur, Salem and the Alloy steel Plant at Durgapur. The Indian Iron Steel Co. Ltd. (IISCO), which owns an integrated steel plant at Burnpur and Maharastra Electros melt, which is engaged in the production of Ferro Allays, are the subsidiaries of SAIL. The plan outlay of SAIL Plants/Units and its subsidiaries is being met from out of the internal and extra budgetary resources.

- (i) **Bokaro Steel Plant :** The major schemes covered are re-building of Coke Oven Battery No.5, Modernisation Scheme and other ongoing, completed and additions/modifications/replacements(AMR)scheme.
- (ii) **Bhilai Steel Plant :** Outlay covers expenditure on long rail facilities, additions/modifications/replacements schemes and for balance payment for contract closure of completed schemes.

(iii) **Rourkela Steel Plant :** Outlay covers upgradation of ERWPP, rebuilding of Coke Oven Battery No.1 modernisation including improvement of the quality of raw materials inputs for the production units and for other ongoing and AMR schemes.

(iv) **Durgapur Steel Plant :** The major scheme covered under the outlay are installation of Wire Rod Mill and for replacement of exhauster No. 3, other expenditure to be incurred are for replacement of old and obsolete equipment and technology, improvement of productivity of various units and quality products, improvement of yield conservation of energy reduction in the cost of production and to abate environmental pollution.

(v) **Alloy Steel Plant :** Outlay covers expenses for ongoing schemes and for balance payment for contract closure of completed scheme etc.

(vi) **Salem Steel Plant:** Outlay covers for continuing schemes and for balance payment for contract closure of completed schemes.

(vii) **Visversariya Iron and Steel Plant :** Outlay covers the expenditure on continuing schemes and for balance payment for contract closure of completed scheme.

(viii) **Indian Iron & Steel Co. Ltd.:** Provision is for ongoing schemes like installation of Slit Rolling Facility and other schemes including Collieries and Mines.

(ix) **Maharashtra Elektros melt Ltd.:** Provision is for 4.2 MW Captive Power Plant and ongoing and other schemes.

5.02 **Rashtriya Ispat Nigam Ltd. :** This is the first shore-based Integrated Steel Plant set up in India with technical and financial cooperation from the erstwhile U.S.S.R. All the units of the Project have been commissioned by July 1992. The final cost of the steel plant was approved at Rs. 8529.13 crore. Outlay has been made for Coke Ovan Battery No. 4, Cold Just Ingection System, continuning scheme, additions/modifications/ replacemnts and township. The outlay proposed will be met from the internal resources of the company.

5.03 **Sponge Iron India Ltd. (SIIL):** The Sponge Iron Plant was set up with UNDP/UNIDO assistnace to establish the techno-economic feasibility of producing Sponge Iron from Lump Iron Ore and 100% non cooking coal. The outlay is required for additions/modifications/ replacements of obsolete/old equipment,township and R&D. No budgetary support has been sought.

5.04 **Hindustan Steelworks Construction Ltd.:** Incorporated in 1964, this company has the expertise for undertaking complete construction of modern steel plants as also projects in the infrastructure sector involving high degree of planning, co-ordination and modern sophisticated techniques. Provision is for purchase of construction equipment and revamping of existing equipment/ machinery and connected capital expenditure for executing works at various sites of construction. The total plan outlay is to be met from budgetary support.

5.05 **Bharat Refractories Limited (BRL) :** It has four units: Bhandaridah Refractories Plant, Ranchi Road Refractory Plant, Bhilai Refractory Plant and IFICO Refractories Plant under its control. Provision has been made for Additions, Modifications & Replacement (AMR) scheme to be met by company and partially from budgetary support.

5.06 **National Mineral Development Corporation(NMDC):** NMDC is the single largest producer of iron ore and diamonds in the country. It is engaged in exploration, development and exploitation of various other minerals such as Dolomite, Limestone, Magnesite, Graphite, Tungsten, Tin etc. Provision has been made for NMDC

Iron & Steel Plant, Bailadila Deposit 10/11A and Development of Limestone in HP (SS), new schemes esp. Kumaraswamy Phase I & II and for AMR Schemes, township, R&D for new products/ value added, investments and for conducting feasibility studies in India and abroad. The total outlay is being met from Internal and Extra Budgetary Resources without seeking any budgetary support.

5.07 Kudremukh Iron Ore Co. Ltd. : KIOCL was set up to produce iron ore concentrates for export to Iran. Consequent upon Iran's inability to take iron-ore concentrates as per agreement, a pellet plant to utilise 3 million tonnes of concentrates was approved in May 1981. The Project, implemented at a cost of Rs.116.65 crores, commenced its commercial production in April, 1987. The provision has been made for continuing scheme viz, Ductile Iron Spun Pipe project (Joint Venture), equity participation in laying of railway line between Hassan & Mangalore, additions/modifications/ replacement of old/obsolete machinery/equipment and for R&D Feasibility studies. Outlay is being met from internal and extra budgetary resources without seeking any budgetary support.

5.08 Manganese Ore India Ltd. (MOIL) : MOIL is jointly owned by Government of India and the Governments of Madhya Pradesh and Maharashtra. It is the largest producer of high grade manganese ore in the country. Provision has been made for executing for new schemes, like Integrated Beneficiation Plant at Balaghat and DB Mine, conversion of railway siding from NG to BG at Balaghat etc., AMR schemes, townships research and development and feasibility studies. Total plan outlay is being met from internal and extra budgetary resources without seeking any budgetary support.

5.09 Bird Group of Companies : Bird Group of Co. Ltd. taken over by the Government of India in 1980, is mainly engaged in mining and refractory activities. The provision has been made for Additions, Modifications and Replacement (AMR) Schemes, afforestation expenses and ore based industries. The outlay will be financed partially through budgetary support.

5.10 Mecon Ltd.: It is the first consultancy and engineering organisation in the country to be accredited with ISO:9001. The company not only provides consultancy services in the field of

basic engineering, detailed engineering, project management etc., but has also developed considerable expertise in the design and supply of equipment for the ferrous, non-ferrous, oil and gas, petro-chemical and other general industries. The provision has been made for information technology and procurement of computers. The plan outlay is being financed through budgetary support.

5.11 MSTC Ltd.: The Company, a trading concern of Government of India, undertakes disposal of ferrous scrap and other secondary arisings generated in integrated steel plants, disposal of scrap, surplus stores, etc. from other public sector enterprises and Government Departments. After decanalisation, the Company has no canalised item and arranges imports of scrap as well as other items as per the needs of actual users in competition with the private sector. The provision has been made for Joint Venture with SJK Steel Corporation. The Plan outlay is being met from internal and extra budgetary resources of the company.

5.12 Ferro Scrap Nigam Ltd. (FSNL): Earlier a Joint Sector Company between MSTC Ltd. and M/s Harsco Corporation Inc., USA, FSNL has now become a 100% subsidiary of MSTC Ltd. with the acquiring of 40% equity shares held by M/s Harsco by MSTC. The Company undertakes recovery and re-processing of scrap from Steel Plants at Durgapur, Rourkela, Burnpur, Bhilai, Bokaro, Visakhapatnam and Dolvi. For processing the slag and reclaiming iron and steel from dumps, the Company have to depend on various types of equipment and modern technology. Also, for regular usage of such equipment, the company has to resort to addition, modifications and replacements of old machinery/ equipment. Total plan outlay is being met from Internal & Extra Budgetary Resources without seeking any budgetary support.

5.13 Research & Technology Mission: R&T Mission provides financial assistance for the research and development activities in the Iron & Steel sector being carried out by the steel plants, academic institutions and research laboratories. Provision has been made for funding research & development proposals and is to be met out of the Steel Development Fund.