

MINISTRY OF STEEL

DEMAND NO. 88

Ministry of Steel

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

		(In crores of Rupees)								
Major Head		Budget, 2003-2004			Revised, 2003-2004			Budget, 2004-2005		
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
	Revenue	...	68.31	68.31	...	103.87	103.87	...	68.11	68.11
	Capital	11.00	2.00	13.00	18.00	2.00	20.00	15.00	2.00	17.00
	Total	11.00	70.31	81.31	18.00	105.87	123.87	15.00	70.11	85.11
1. Secretariat-Economic Services	3451	...	8.04	8.04	...	8.04	8.04	...	8.04	8.04
Iron and Steel Industries										
2. Non-Plan loans to Public Enterprises										
2.01 Bird Group of Companies	6852	...	2.00	2.00	...	2.00	2.00	...	2.00	2.00
3. Subsidies										
3.01 Interest Subsidy to Hindustan Steelworks Construction Limited for loans raised for implementation of VRS	2852	...	33.12	33.12	...	33.12	33.12	...	33.12	33.12
3.02 Subsidy to Hindustan Steelworks Construction Limited for waiver of guarantee fee	2852	...	0.92	0.92	...	0.92	0.92	...	0.92	0.92
3.03 Subsidy to BRL for waiver of guarantee fee	2852	...	0.30	0.30	...	0.30	0.30	...	0.24	0.24
3.04 Interest Subsidy to Steel Authority of India for loans raised from banks for implementation of VRS	2852	...	18.60	18.60	...	54.16	54.16	...	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	...	3.33	3.33
	<i>Total</i>	...	56.41	56.41	...	91.97	91.97	...	56.21	56.21
4. Write off of Loan										
4.01 Indian Iron and Steel Company Ltd	2852	...	...	...	...	250.38	250.38	...	...	...
4.02 Less - Receipts netted	0852	...	...	...	...	-250.38	-250.38	...	...	...
	<i>Net</i>	...	...	...	...	...	...	...	...	...
5. Write off of Interest										
5.01 Indian Iron and Steel Company Ltd	2852	...	...	...	...	701.72	701.72	...	...	...
5.02 Less - Receipts netted	0852	...	...	...	...	-701.72	-701.72	...	...	...
	<i>Net</i>	...	...	...	...	...	...	...	...	...
6. Investment in Public Enterprises	4852	...	...	...	7.00	...	7.00	7.00	...	7.00
	6852	11.00	...	11.00	11.00	...	11.00	8.00	...	8.00
	<i>Total</i>	11.00	...	11.00	18.00	...	18.00	15.00	...	15.00
7. Other Programmes	2852	...	3.86	3.86	...	3.86	3.86	...	3.86	3.86
Grand Total		11.00	70.31	81.31	18.00	105.87	123.87	15.00	70.11	85.11
B. Investment in Public Enterprises	Head of Dev. Support	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
6.01 Steel Authority of India Ltd.	12852	...	600.00	600.00	...	425.00	425.00	...	650.00	650.00
6.02 Rashtriya Ispat Nigam Ltd.	12852	...	227.00	227.00	...	99.00	99.00	...	300.00	300.00
6.03 Sponge Iron India Ltd.	12852	...	5.00	5.00	...	5.00	5.00	...	9.00	9.00
6.04 Hindustan Steel Works Construction Ltd.	12852	4.00	...	4.00	4.00	...	4.00	3.00	...	3.00
6.05 Bharat Refractories Ltd.	12852	5.00	2.00	7.00	12.00	...	12.00	10.00	...	10.00
6.06 National Mineral Development Corporation Ltd.	12852	...	481.55	481.55	...	212.43	212.43	...	321.90	321.90
6.07 Kudremukh Iron Ore Company Ltd.	12852	...	30.00	30.00	...	30.00	30.00	...	54.00	54.00
6.08 Manganese Ore India Ltd.	12852	...	26.75	26.75	...	20.41	20.41	...	20.00	20.00
6.09 Bird Group of Companies	12852	1.00	1.50	2.50	1.00	19.32	20.32	1.00	15.00	16.00
6.10 MECON Ltd.	12852	1.00	...	1.00	1.00	...	1.00	1.00	...	1.00
6.11 MSTC Ltd.	12852	...	5.00	5.00	...	5.00	5.00	...	5.00	5.00
6.12 Ferro Scrap Nigam Ltd.	12852	...	11.50	11.50	...	11.50	11.50	...	11.50	11.50
6.13 Research and Technology Mission	12852	...	60.00	60.00	...	9.00	9.00	...	60.00	60.00
Total		11.00	1450.30	1461.30	18.00	836.66	854.66	15.00	1446.40	1461.40
C. Plan Outlay										
1. Iron & Steel	12852	11.00	1450.30	1461.30	18.00	836.66	854.66	15.00	1446.40	1461.40

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

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

2.01 Bird Group of Companies : The provision is intended to meet gap in resources of the Company.

3. **Subsidies to Public Enterprises:**

Hindustan Steelworks Construction Limited:

3.01 For payment of interest on loans raised from banks for implementation of Voluntary Retirement Scheme (VRS).

3.02 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 guarantee fee for the guarantee given by Govt. of India.

3.04 Steel Authority of India Limited: For payment of 50% interest on loans raised from banks for implementation of VRS.

3.05 MECON Limited : For payment of 50% interest on the loan taken by the Company for implementation of VRS.

6. **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.

6.01 **Steel Authority of India Limited:** It has six major steel plants under its control located at Bokaro, Bhilai, Rourkela, Durgapur, Salem and the Alloy Steels Plant at Durgapur. The Indian Iron Steel Company Limited (IISCO), which owns an integrated steel plant at Burnpur and Maharashtra Elektrosmet Ltd. (MEL), which is engaged in the production of Ferro Alloys, are the two 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 Sinter Plant No. III, long rail facilities, installation of UOE pipe plant, additions/modifications/replacements schemes and for balance payment for contract closure of completed schemes.

(iii) **Rourkela Steel Plant** : Outlay covers upgradation of ERWPP, re-building of Coke Oven Battery No. 1, upgradation of Blast Furnace No.4, 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 schemes covered under the outlay are installation of upgradation of Blast Furnace No.3 and replacement of 2nd coal charging car at COB-1. 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 Steels Plant** : Outlay covers expenses for ongoing schemes and for balance payment for contract closure of completed scheme etc.

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

(vii) **Visvesariya Iron and Steel Ltd** : Outlay covers the

expenditure on continuing schemes and for balance payment for contract closure of completed schemes.

(viii) **Indian Iron & Steel Company Ltd** : Provision is for ongoing schemes like installation of Slit Rolling Facility, unsanctioned schemes like rehabilitation of IISCO and other schemes including collieries and mines.

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

6.02 **Rashtriya Ispat Nigam Limited** : This is the first shore-based Integrated Steel Plant set up in India with technical and financial co-operation from the erstwhile USSR. All the units of the Projects have been commissioned by July 1992. The final cost of the steel plant was approved at Rs. 8529.13 crores. Outlay has been made for Coke Oven Battery No. 4, Natural Gas Injection System, Iron-ore mine acquisition and additions/ modifications/ replacements schemes. The outlay proposed will be met from the internal resources of the company.

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

6.04 **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.

6.05 **Bharat Refractories Ltd** : It has four units – Bhandaridah Refractories Plant, Ranchi Road Refractories Plant, Bhilai Refractories Plant and IFICO Refractories Plant under its control. Provision has been made for Additions, Modifications & Replacements (AMR) schemes, the expenses on which is to be met by the company and partially from budgetary support.

6.06 **National Mineral Development Corporation:** 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 continuing schemes like NMDC Iron & Steel Plant and Bailadila Deposit 10/11A, new schemes like Bailadila Deposit 11B and 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.

6.07 **Kudremukh Iron Ore Company 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 like Ductile Iron Spun Pipe project (Joint Venture), equity participation in laying of railway line between Hassan & Mangalore, new schemes like development of infrastructure for receipt of iron ore by rail, additions/modifications/replacement schemes and for feasibility studies. Outlay is being met from internal and extra budgetary resources without seeking any budgetary support.

6.08 Manganese Ore (India) Limited : 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 new schemes like Integrated Beneficiation Plant at Balaghat mine, Ferro/Silico Manganese Plant phase-II and Electrolytic Manganese Dioxide Plant (1200 TPA), AMR Schemes, research and development, township and feasibility studies. Total Plan outlay is being met from internal and extra budgetary resources without seeking any budgetary support.

6.09 Bird Group of Companies : Bird Group of Companies, taken over by the Government of India in October, 1980, is mainly engaged in mining and refractory activities. The provision has been made for new schemes like sponge iron plant/ore beneficiation plant, Additions, Modifications and Replacement (AMR) schemes, afforestation expenses and ore based industries. The outlay will be financed partially through budgetary support.

6.10 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.

6.11 MSTC Limited : 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 setting up of stockyard and warehousing facilities, etc. The Plan outlay is being met from internal and extra budgetary resources of the company.

6.12 Ferro Scrap Nigam Limited : 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 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 additions, modifications and replacements of old machinery/equipment. Total plan outlay for AMR Schemes is being met from Internal & Extra Budgetary Resources without seeking any budgetary support.

6.13 Research And 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.

7. Other Programmes : These include establishment expenses on office of the Development Commissioner for Iron & Steel, Kolkata, an attached office of the Ministry, and awards to distinguished metallurgists given annually. The office of DCI&S has been closed down and the staff has been shifted to Surplus Cell.