

MINISTRY OF STEEL**DEMAND NO.90****Ministry of Steel**

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

		(In crores of Rupees)								
Major Head	Budget 2006-2007			Revised 2006-2007			Budget 2007-2008			
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
Revenue	...	84.50	84.50	...	85.10	85.10	1.00	84.50	85.50	
Capital	45.00	...	45.00	45.00	51.90	96.90	65.00	...	65.00	
Total	45.00	84.50	129.50	45.00	137.00	182.00	66.00	84.50	150.50	
1. Secretariat-Economic Services	3451	...	9.89	9.89	...	10.49	10.49	...	11.62	11.62
Iron and Steel Industries										
2. Non-Plan loans to Public Sector Enterprises										
2.01 Hindustan Steelworks Construction Ltd.	6852	...	...	...	...	21.44	21.44	...	...	...
2.02 Bharat Refractories Ltd.	6852	...	...	...	...	30.46	30.46	...	...	...
	<i>Total</i>	...	...	...	...	51.90	51.90	...	...	...
3. Scheme for Promotion of Research & Development in Iron & Steel Sector	2852	...	...	...	...	...	...	1.00	...	1.00
4. Subsidies										
4.01 Interest Subsidy to Hindustan Steelworks Construction Limited for loans raised for implementation of VRS	2852	...	59.19	59.19	...	56.39	56.39	...	56.02	56.02
4.02 Subsidy to Hindustan Steelworks Construction Limited for waiver of guarantee fee	2852	...	6.60	6.60	...	6.60	6.60	...	6.60	6.60
4.03 Subsidy to BRL for waiver of guarantee fee	2852	...	0.54	0.54	...	0.40	0.40	...	0.54	0.54
4.04 Subsidy to MECON Ltd., for waiver of guarantee fee	2852	...	...	...	...	5.13	5.13	...	1.75	1.75
4.05 Interest Subsidy to MECON Ltd for loans raised from banks for implementation of VRS	2852	...	6.03	6.03	...	3.90	3.90	...	6.03	6.03
4.06 Subsidy to Steel Authority of India Ltd. for waiver of penal guarantee fee	2852	...	...	...	...	70.22	70.22	...	...	...
Less - Receipts netted	0075	...	...	...	...	-70.22	-70.22	...	...	...
	<i>Net</i>	...	...	...	...	...	...	...	...	...
	<i>Total</i>	...	72.36	72.36	...	72.42	72.42	...	70.94	70.94
5. Investment in Public Enterprises	4852	37.00	...	37.00	37.00	...	37.00	63.00	...	63.00
	6852	8.00	...	8.00	8.00	...	8.00	2.00	...	2.00
	<i>Total</i>	45.00	...	45.00	45.00	...	45.00	65.00	...	65.00
6. Other Programmes	2852	...	2.25	2.25	...	2.19	2.19	...	1.94	1.94
Grand Total		45.00	84.50	129.50	45.00	137.00	182.00	66.00	84.50	150.50
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	...	1275.00	1275.00	...	1275.00	1275.00	...	2641.00	2641.00
5.02 Rashtriya Ispat Nigam Ltd.	12852	...	1452.00	1452.00	...	673.45	673.45	...	3056.70	3056.70
5.03 Sponge Iron India Ltd.	12852	...	5.00	5.00	...	1.10	1.10	...	5.00	5.00
5.04 Hindusthan Steel Works Construction Ltd.	12852	7.00	...	7.00	7.00	...	7.00	1.00	...	1.00
5.05 Bharat Refractories Ltd.	12852	7.00	...	7.00	7.00	...	7.00	1.00	...	1.00
5.06 National Mineral Development Corporation Ltd.	12852	...	150.00	150.00	...	150.00	150.00	...	250.00	250.00
5.07 Kudremukh Iron Ore Company Ltd.	12852	...	200.00	200.00	...	38.00	38.00	...	75.00	75.00
5.08 Manganese Ore India Ltd.	12852	...	48.50	48.50	...	68.32	68.32	...	65.00	65.00
5.09 Bird Group of Companies	12852	1.00	25.00	26.00	1.00	13.00	14.00	...	25.00	25.00

		Budget 2006-2007			Revised 2006-2007			Budget 2007-2008			
		Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total
5.10	MECON Ltd.	12852	30.00	...	30.00	30.00	...	30.00	63.00	3.00	66.00
5.11	MSTC Ltd.	12852	...	5.00	5.00	...	5.00	5.00	...	5.00	5.00
5.12	Ferro Scrap Nigam Ltd.	12852	...	11.80	11.80	...	17.00	17.00	...	12.00	12.00
Total			45.00	3172.30	3217.30	45.00	2240.87	2285.87	65.00	6137.70	6202.70
C. Plan Outlay											
1.	Iron & Steel	12852	45.00	3172.30	3217.30	45.00	2240.87	2285.87	66.00	6137.70	6203.70

(In crores of Rupees)

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

3. Scheme for promotion for Research & Development in Iron & Steel Sector

Token provision has been made to evolve a new scheme/mechanism 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.

4. Subsidies to Public Sector Enterprises

Hindustan Steelworks Construction Limited:

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

4.02 For waiver of guarantee fee on the guarantee given by Gol for cash credit and bank guarantee and for loans raised from banks for implementation of VRS

Bharat Refractories Limited:

4.03 For waiver of guarantee fee on the guarantee given by Gol.

MECON Limited:

4.04 For waiver of guarantee fee on the guarantee given by Gol on loans/bonds raised from banks/trusts for implementation of VRS.

4.05 For payment of 50% interest on the loans/bonds raised by the company from banks/trusts for implementation of VRS and payment of statutory dues.

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.

5.01 **Steel Authority of India Limited (SAIL)** : It has five major steel plants located at Bokaro, Bhilai, Rourkela, Durgapur, Salem and the Alloy Steels Plant at Durgapur. With effect from 16.2.2006, Indian Iron Steel Company (IISCO), which has an integrated steel plant at Burnpur and was a subsidiary of SAIL, has been merged with SAIL and renamed as IISCO Steel Plant. Maharashtra Elektrosmet Ltd., which is engaged in the production of Ferro Alloys, is the only subsidiary of SAIL. The

plan outlay of SAIL Plants/Units and its subsidiaries is being met from the internal and extra budgetary resources of SAIL.

- (i) **Bokaro Steel Plant** : Outlay covers expenditure on rebuilding of Coke Oven Battery No.5, Mae-west block in HSM, Provision of ATC & OTC at oxygen plant, Provision of CDI system in BF-2 & 3 and other ongoing and new schemes.
- (ii) **Bhilai Steel Plant** : The schemes covered are Rebuilding of Coke Oven Battery No.5, New Slab Caster and Installation of Hot Metal Desulphurisation Unit and other ongoing and new schemes.
- (iii) **Rourkela Steel Plant** : Outlay covers Hot Metal Desulphurisation Unit and new schemes like Installation of CDI in BF 4 and Rebuilding of COB-4.
- (iv) **Durgapur Steel Plant** : The major schemes covered under the outlay are ongoing schemes like Bloom Caster with associated facilities and Coal Dust Injection in BF-3 & 4 and new schemes like Modernisation Cap Enhancement of MM and Expansion of DSP.
- (v) **IISCO Steel Plant** : Outlay is for ongoing schemes like Rebuilding of BF No.2 and new schemes of Rebuilding of COB-10 and Expansion of ISP.
- (vi) **Alloy Steel Plant**: The major scheme covered under the outlay is Expansion of ASP.
- (vii) **Salem Steel Plant** : Provision has been made for small value miscellaneous schemes and Expansion of SSP.
- (viii) **Visvesariya Iron and Steel Ltd.** : Outlay covers small value miscellaneous schemes and installation of Bloom Caster in SMS.

5.02 **Rashtriya Ispat Nigam Limited** : This is the first shore-based Integrated Steel Plant and has advantage of easier import of input materials and export of finished products. All the units of the Projects were commissioned by July, 1992. The final cost of the steel plant was approved at Rs. 8529.13 crore. Outlay has been made for ongoing schemes like Capacity Expansion (Phase – I) and Addition, Modification & Replacement (AMR) schemes and new schemes like Coke Oven Battery No. 4 (Phase-I & II), acquisition of iron ore and coking coal mines and pulverized coal injection. The outlay proposed will be met from the internal resources of company.

No.90/ Ministry of Steel

5.03 *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 Unit, which went into regular operation in November, 1980, has been designed both for production and R&D. The outlay is required for AMR schemes. No budgetary support has been sought.

5.04 *Hindustan Steel Works Construction Ltd.* : Incorporated in 1964, the Company has expertise in 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 new 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 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 AMR schemes and is to be met entirely from budgetary support.

5.06 *National Mineral Development Corporation (NMDC)* : NMDC is the single largest producer of iron ore and diamonds in the country. The company is also entering into the field of producing high value products like Ferric Oxide, Iron Powder, etc. NMDC's plan outlay has been made for ongoing AMR/ Township and R&D schemes and new schemes like Kumaraswamy Iron Ore project, Bailadila Deposit-11B and Windmill in Karnataka. The total outlay is being met from internal and extra budgetary resources of the company.

5.07 *Kudremukh Iron Ore Company Ltd (KIOCL)* : KIOCL was set up to manufacture iron ore concentrates for export to Iran. Consequent upon Iran's inability to lift 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 commercial production in April, 1987. Provision has been made for schemes like Other Mine Development, Ductile Iron Spun Pipe Plant, development of infrastructure for receipt of iron ore by rail at Mangalore, AMR schemes and for R&D and feasibility studies. Outlay is being met from internal and extra budgetary resources without any budgetary support.

5.08 *Manganese Ore (India Limited (MOIL))* : MOIL is jointly owned by Government of India and the Governments of Madhya Pradesh and Maharashtra. It is the largest indigenous producer of manganese ore in the country. To improve profitability, the company has diversified into manufacture of value added products like Electrolytic Manganese Dioxide and Ferro

Manganese. Provision has been made for executing schemes like Integrated Beneficiation Plant and water supply scheme at Balaghat Mine, investment in joint venture, Wind Power Generation scheme, AMR schemes, township and R&D/ feasibility studies. Total Plan outlay is being met from internal and extra budgetary resources of the company.

5.09 *Bird Group of Companies* : Bird Group of Companies, taken over by the Government of India in October, 1980, is mainly engaged in mining activities and activities related to sinking of deep tube wells and mineral exploration. The provision has been made for afforestation & lease matters, mineral based industries and AMR schemes. 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, 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 equity investment, including preference equity, by the Govt. in the company. The Plan outlay is being financed through budgetary support.

5.11 *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/ warehousing facilities and development of e-business portal. The Plan outlay is being met from internal and extra budgetary resources of the company.

5.12 *Ferro Scrap Nigam Limited (FSNL)* : Earlier a Joint Sector Company between MSTC Ltd. and M/s Harsco Corporation Inc., USA, FSNL is a 100% subsidiary of MSTC Ltd. 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 has to depend on various types of equipment and modern technology. Plan outlay is for meeting expenses on AMR Schemes and is to be met from internal & extra budgetary resources of the company.

6. 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.