

MINISTRY OF STEEL**DEMAND NO.91****Ministry of Steel**

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

		<i>(In crores of Rupees)</i>									
Major Head		Budget 2008-2009			Revised 2008-2009			Budget 2009-2010			
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
	Revenue	18.50	77.23	95.73	18.49	78.96	97.45	26.00	81.36	107.36	
	Capital	15.50	...	15.50	7.51	260.04	267.55	8.00	...	8.00	
	Total	34.00	77.23	111.23	26.00	339.00	365.00	34.00	81.36	115.36	
1.	Secretariat-Economic Services	3451	...	13.91	13.91	...	16.31	16.31	...	19.71	19.71
Iron and Steel Industries											
2.	Scheme for Promotion of Research & Development in Iron & Steel Sector	2852	18.50	...	18.50	18.49	...	18.49	26.00	...	26.00
3.	<i>Subsidies</i>										
3.01	Interest Subsidy to Hindustan Steelworks Construction Limited for loans raised for implementation of VRS	2852	...	56.02	56.02	...	56.00	56.00	...	55.48	55.48
3.02	Interest Subsidy to MECON Ltd for loans raised from banks for implementation of VRS	2852	...	5.60	5.60	...	5.60	5.60	...	5.24	5.24
	<i>Total</i>		...	61.62	61.62	...	61.60	61.60	...	60.72	60.72
4.	<i>Waiver of Guarantee Fee</i>										
4.01	Hindustan Steelworks Construction Limited	2852	...	6.10	6.10	...	6.10	6.10	...	6.10	6.10
4.02	Bharat Refractories Limited	2852	...	0.54	0.54	...	0.40	0.40	...	...	...
4.03	MECON Ltd.	2852	...	1.65	1.65	...	1.65	1.65	...	1.55	1.55
	Less - Receipts netted	0075	...	-8.29	-8.29	...	-8.15	-8.15	...	-7.65	-7.65
	<i>Net</i>		...	...	...	...	...	...	...	...	...
	<i>Total</i>		...	61.62	61.62	...	61.60	61.60	...	60.72	60.72
5.	<i>Write off of loan</i>										
5.01	Bharat Refractories Limited	2852	...	...	...	...	175.46	175.46	...	...	...
	Less Receipts Netted	0852	...	...	...	...	-175.46	-175.46	...	...	...
	<i>Net</i>		...	...	...	...	...	...	...	...	...
6.	<i>Write down of Equity</i>										
6.01	Bharat Refractories Limited	2852	...	...	...	...	226.04	226.04	...	...	...
	Less Receipts Netted	0852	...	...	...	...	-226.04	-226.04	...	...	...
	<i>Net</i>		...	...	...	...	...	...	...	...	...
7.	Issue of Bonus Shares by NMDC Ltd.	4852	...	...	...	...	260.04	260.04	...	...	...
8.	<i>Conversion of Loan into Equity and 7% non-cumulative preference shares into Equity</i>										
8.01	Bharat Refractories Limited	4852	...	...	...	0.01	...	0.01	...	...	...
9.	Investment in Public Enterprises	4852	...	...	...	...	...	...	...	...	...
		6852	15.50	...	15.50	7.50	...	7.50	8.00	...	8.00
	<i>Total</i>		15.50	...	15.50	7.50	...	7.50	8.00	...	8.00
10.	Other Programmes	2852	...	1.70	1.70	...	1.05	1.05	...	0.93	0.93
Grand Total			34.00	77.23	111.23	26.00	339.00	365.00	34.00	81.36	115.36
B. Investment in Public Enterprises											
	Head of Dev	Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total	
9.01	Steel Authority of India Ltd.	12852	...	4674.00	4674.00	...	4674.00	4674.00	...	10356.00	10356.00
9.02	Rashtriya Ispat Nigam Ltd.	12852	...	4166.00	4166.00	...	2815.50	2815.50	...	2437.00	2437.00
9.03	Sponge Iron India Ltd.	12852	...	5.00	5.00	...	1.04	1.04	...	...	...
9.04	Hindustan Steel Works Construction Ltd.	12852	6.50	...	6.50	6.50	...	6.50	7.00	...	7.00
9.05	Bharat Refractories Ltd.	12852	8.00	...	8.00	...	8.00	8.00	...	8.00	8.00
9.06	NMDC Ltd.	12852	...	400.00	400.00	...	400.00	400.00	...	700.00	700.00
9.07	Kudremukh Iron Ore Company Ltd.	12852	...	100.00	100.00	...	40.00	40.00	...	85.00	85.00

(In crores of Rupees)

	Head of Dev	Budget 2008-2009			Revised 2008-2009			Budget 2009-2010			
		Budget Support	IEBR	Total	Budget Support	IEBR	Total	Budget Support	IEBR	Total	
9.08	Manganese Ore India Ltd.	12852	...	117.20	117.20	...	84.90	84.90	...	102.25	102.25
9.09	Bird Group of Companies	12852	1.00	30.00	31.00	1.00	2.66	3.66	1.00	15.61	16.61
9.10	MECON Ltd.	12852	...	...	...	...	16.92	16.92	...	2.00	2.00
9.11	MSTC Ltd.	12852	...	5.00	5.00	...	11.00	11.00	...	5.00	5.00
9.12	Ferro Scrap Nigam Ltd.	12852	...	11.80	11.80	...	11.80	11.80	...	11.80	11.80
Total			15.50	9509.00	9524.50	7.50	8065.82	8073.32	8.00	13722.66	13730.66
C. Plan Outlay											
1.	Iron & Steel	12852	34.00	9509.00	9543.00	26.00	8065.82	8091.82	34.00	13722.66	13756.66

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

2. **Scheme for promotion of Research & Development in Iron & Steel Sector:** 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.

3. Subsidies

3.01 **Hindustan Steelworks Construction Ltd. :** For payment of interest on loans raised from Banks for implementation of Voluntary Retirement Scheme (VRS).

3.02 **MECON Ltd. :** For payment of 50% interest on the loans/bonds raised by the company from Banks/trusts for implementation of VRS.

4. Waiver of Guarantee Fee

4.01 **Hindustan Steelworks Construction Ltd. :** For waiver of guarantee fee on the guarantee given by Govt. of India for cash credit and Bank guarantee and for loans raised from Banks for implementation of VRS.

4.02 **Bharat Refractories Ltd. :** For waiver of guarantee fee on the guarantee given by Govt. of India for cash credit and Bank guarantee limit and working capital requirements.

4.03 **MECON Ltd. :** For waiver of guarantee fee on the guarantee given by Govt. of India on loans/bonds raised from Banks/trusts for implementation of VRS.

These are matched by receipts.

9. **Investment In Public Sector Enterprises:** This provides for implementation of various capital schemes by the Public Sector Enterprises under the administrative control of Ministry of Steel. While most of the PSEs meet the capital expenditure on the schemes from their Internal & Extra Budgetary Resources (IEBR), budgetary support by way of equity investment and loans is extended to some of the financially weak enterprises.

9.01 **Steel Authority of India Limited (SAIL) :** It has five major steel plants located at Bokaro, Bhilai, Rourkela, Durgapur and Salem and 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 Elektros melt 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 IEBR of SAIL.

(i) **Bokaro Steel Plant:** Outlay covers expenditure on expansion of Bokaro Plant, Re-building of COB No.1 & 2, Installation of TB in Turbo Blower Station, Upgradation of BF – 2 and other ongoing and new schemes.

(ii) **Bhilai Steel Plant:** Major portion (Rs.1100 crore) of the total outlay is for modernization and expansion of the Plant. The balance outlay is for schemes like Re-building of Coke Oven Battery (COB) No.5 & 6, Installation of Slab Caster, Main Step Down Station – 5, 700 TPD Oxygen Plant and other ongoing and new schemes.

(iii) **Rourkela Steel Plant (RSP):** Major scheme included in the outlay is expansion of RSP (Rs.1400 crore). Other schemes are Re-building of COB No.4, 700 TPD Oxygen Plant, Simultaneous blowing of BOF Converters of SMS-II, etc.

(iv) **Durgapur Steel Plant:** Out of total outlay of Rs.650 crore, Rs.500 crore is earmarked for expansion of the Plant. Other schemes covered under the outlay include Bloom Caster with associated facilities, Coal Dust Injection in BF- 3 & 4 and expenditure relating to Steel Processing Unit at Srinagar.

(v) **IISCO Steel Plant (ISP):** Major portion of the outlay is earmarked for Expansion of ISP (Rs.3100 crore). Provision has also been made for Re-building of BF No.2, Re-building of COB-10, etc.

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

(vii) **Salem Steel Plant (SSP):** Expansion of SSP (Rs.1002 crore) accounts for major portion of the total outlay of Rs.1020 crore.

(viii) **Visvesariya Iron And Steel Ltd.:** Outlay covers small value miscellaneous schemes and installation of single strand Bloom Caster in SMS.

9.02 **Rashtriya Ispat Nigam Limited :** This is the first shore-based Integrated Steel Plant set up in India away from major raw material sources with technical and financial co-operation from the erstwhile USSR. Being shore-based, it has the 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 crores. Outlay has been made for ongoing schemes like Capacity Expansion (Phase – I) and AMR schemes and new schemes like

Coke Oven Battery No. 4 (Phase-I & II), Air Separation Plant, BF-1 category – 1 repair, Pulverized Coal Injection, Iron ore storage facilities, power evacuation system, etc. Entire outlay will be met from Internal Resources of the company.

9.03 *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 cooking coal. The Unit, which went into regular operation in November, 1980, has been designed both for production and for R&D. No outlay has been proposed for 2009-10 as Govt. of India has approved merger of SIIL with NMDC Ltd. and the 'Date of Merger' has been fixed as 30.6.2008. The merger process is likely to be completed by March, 2009.

9.04 *Hindustan Steelworks Construction Limited*: 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. Plan budgetary support has been provided for procurement and capital repair of construction equipments and machinery.

9.05 *Bharat Refractories Limited*: It has four units – Bhandaridah Refractories Plant, Ranchi Road Refractories Plant, Bhilai Refractories Plant and IFICO Refractories Plant under its control. The company manufactures various kinds of refractories for steel plants. Govt. of India on 24.4.2008 approved the merger of BRL with SAIL. The merger is deemed to have taken effect from 1.4.2008 for all legal and accounting purposes and the merger process is to be completed by March, 2009. Outlay has been provided for AMR Schemes and is to be met from IEBR of the company.

9.06 *NMDC Limited (formerly National Mineral Development Corporation)*: 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. Plan outlay has been made for schemes/projects like Bailadila Deposit-11B, Windmill in Karnataka, 3 million tonne Steel Plant in Chattisgarh, AMR/Township, Expansion of SIIL, R&D schemes, etc. Total outlay will be met from IEBR of the company.

9.07 *Kudremukh Iron Ore Company Limited*: 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. However, as per the directions of Hon'ble Supreme Court, the company had to stop mining at Kudremukh w.e.f. 31.12.2005. Plan outlay is mainly for AMR schemes (including P filters). Other schemes included in the outlay are Ductile Iron Spun Pipe Plant, infrastructure for receipt of iron ore by rail at Mangalore, R&D/feasibility studies, Eco-Town development at Kudremukh, Coal Injection System in BF, etc. Outlay is being met from IEBR of the company.

9.08 *Manganese Ore (India) Limited* : MOIL is jointly owned by Government of India and the Governments of Madhya Pradesh and Maharashtra. It is the largest 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. Major portion of the outlay has been allocated for investment in joint venture for Ferro Manganese/Silico Manganese Plant. Other schemes included in the outlay are sinking of new vertical shaft at Gumgaon Mine, AMR schemes, township and R&D/feasibility studies. Plan outlay is being met from IEBR of the company.

9.09 *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. Provision has been made for afforestation & lease matters, Mineral & Ore based industries and AMR schemes. Except for Rs.1.00 crore Plan budgetary support, outlay will be met from IEBR of the company.

9.10 *MECON Limited* : 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. Plan outlay (IEBR) is for renovation and expansion of office space/ guest house at various locations.

9.11 *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. Outlay, to be met from IEBR, is for setting up a Joint Venture for Logistics.

9.12 *Ferro Scrap Nigam Limited* : Earlier a Joint Sector Company between MSTC Ltd. and M/s Harsco Corporation Inc., USA, FSNL is now 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 has to depend on various types of equipment and modern technology. Plan outlay is for AMR schemes and is to be met from IEBR of the company.

10. *Other Programmes*: These include establishment expenses on office of the Development Commissioner for Iron & Steel (DCI&S), Kolkata, an attached office of the Ministry, and provision for awards to distinguished Metallurgists given annually. Though the office of DCI&S and its four regional offices has been closed down w.e.f. 23.5.2003, provision for salaries and other administrative expenses of the remaining staff has been made since, as per DOPT guidelines, all surplus employees continue to draw their salaries till such time they get redeployed to other posts or demit office on superannuation/resignation/voluntary retirement.