

**MINISTRY OF STEEL**

DEMAND NO. 86

**Ministry of Steel**

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

| Major Head  | Actual 2014-2015 |              |              | Budget 2015-2016 |              |              | Revised 2015-2016 |              |              | <i>(In crores of Rupees)</i><br>Budget 2016-2017 |              |              |
|---|------------------|--------------|--------------|------------------|--------------|--------------|-------------------|--------------|--------------|--|--------------|--------------|
|   | Plan             | Non-Plan     | Total        | Plan             | Non-Plan     | Total        | Plan              | Non-Plan     | Total        | Plan   | Non-Plan     | Total        |
| Revenue   | -5.12            | 64.09        | 58.97        | 15.00            | 67.95        | 82.95        | 15.00             | 23.48        | 38.48        | 15.00  | 70.62        | 85.62        |
| Capital   | ...              | ...          | ...          | ...              | ...          | ...          | ...               | ...          | ...          | ...  | ...          | ...          |
| <b>Total</b>  | <b>-5.12</b>     | <b>64.09</b> | <b>58.97</b> | <b>15.00</b>     | <b>67.95</b> | <b>82.95</b> | <b>15.00</b>      | <b>23.48</b> | <b>38.48</b> | <b>15.00</b>                                     | <b>70.62</b> | <b>85.62</b> |
| <b>BE 2016-2017</b>   |                  |              |              |                  |              |              |                   |              |              |  |              |              |
| 1. Secretariat-Economic Services  | 3451             | ...          | ...          | ...              | ...          | ...          | ...               | ...          | ...          | ...  | 26.06        | 26.06        |
| <b>Iron and Steel Industries</b>  |                  |              |              |                  |              |              |                   |              |              |  |              |              |
| 2. Scheme for Promotion of Research & Development in Iron and Steel Sector  | 2852             | ...          | ...          | ...              | ...          | ...          | ...               | ...          | ...          | 15.00  | ...          | 15.00        |
| 3. <i>Support to CPSEs</i>  |                  |              |              |                  |              |              |                   |              |              |  |              |              |
| 3.01 Interest Subsidy to Hindustan Steelworks Construction Limited for loans raised for implementation of VRS                                   | 2852             | ...          | ...          | ...              | ...          | ...          | ...               | ...          | ...          | ...  | 44.05        | 44.05        |
| 4. Other Programmes   | 2852             | ...          | ...          | ...              | ...          | ...          | ...               | ...          | ...          | ...  | 0.51         | 0.51         |
| <b>RE 2015-2016</b>   |                  |              |              |                  |              |              |                   |              |              |  |              |              |
| 5. Secretariat-Economic Services  | 3451             | ...          | 19.66        | 19.66            | ...          | 23.35        | 23.35             | ...          | 22.99        | 22.99  | ...          | ...          |
| <b>Iron and Steel Industries</b>  |                  |              |              |                  |              |              |                   |              |              |  |              |              |
| 6. <i>Promotion of Research &amp; Development in Iron &amp; Steel Sector</i>  |                  |              |              |                  |              |              |                   |              |              |  |              |              |
| 6.01 Scheme for Promotion of Research & Development in Iron & Steel Sector- Ongoing R&D Projects  | 2852             | ...          | ...          | ...              | ...          | ...          | ...               | ...          | ...          | ...  | ...          | ...          |
| 6.02 Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets & Other Value Added Innovative Steel Products (New Component) | 2852             | 0.25         | ...          | 0.25             | 1.00         | ...          | 1.00              | 1.00         | ...          | 1.00   | ...          | ...          |
| 6.03 Development of Innovative Iron/Steel making Process Technology (New Projects under existing Scheme)  | 2852             | 1.78         | ...          | 1.78             | 14.00        | ...          | 14.00             | 14.00        | ...          | 14.00  | ...          | ...          |

(In crores of Rupees)

|  | Major Head   | Actual 2014-2015 |                 |                 | Budget 2015-2016 |                 |                 | Revised 2015-2016 |                 |                 | Budget 2016-2017 |                 |                 |
|--|--|------------------|-----------------|-----------------|------------------|-----------------|-----------------|-------------------|-----------------|-----------------|------------------|-----------------|-----------------|
|  |  | Plan             | Non-Plan        | Total           | Plan             | Non-Plan        | Total           | Plan              | Non-Plan        | Total           | Plan             | Non-Plan        | Total           |
| <i>Total- Promotion of Research &amp; Development in Iron &amp; Steel Sector</i> |  | 2.03             | ...             | 2.03            | 15.00            | ...             | 15.00           | 15.00             | ...             | 15.00           | ...              | ...             | ...             |
| <b>7. Subsidies</b>  |  |                  |                 |                 |                  |                 |                 |                   |                 |                 |                  |                 |                 |
| 7.01   | Interest Subsidy to Hindustan Steelworks Construction Limited for loans raised for implementation of VRS | 2852             | ...             | 44.05           | 44.05            | ...             | 44.11           | 44.11             | ...             | ...             | ...              | ...             | ...             |
| <b>8. Waiver of Guarantee Fee</b>  |  |                  |                 |                 |                  |                 |                 |                   |                 |                 |                  |                 |                 |
| 8.01   | Hindustan Steelworks Construction Limited  | 2852             | ...             | 5.18            | 5.18             | ...             | 5.18            | 5.18              | ...             | ...             | ...              | ...             | ...             |
| 8.02   | Less Receipts netted   | 0075             | ...             | -5.18           | -5.18            | ...             | -5.18           | -5.18             | ...             | ...             | ...              | ...             | ...             |
|  | <i>Net</i>   |                  | ...             | ...             | ...              | ...             | ...             | ...               | ...             | ...             | ...              | ...             | ...             |
| 9.   | Grants to Bisra Stone Lime Company Ltd, a Company under Bird Group of Companies                          | 2852             | ...             | ...             | ...              | ...             | ...             | ...               | ...             | ...             | ...              | ...             | ...             |
| 10.  | Other Programmes   | 2852             | ...             | 0.38            | 0.38             | ...             | 0.49            | 0.49              | ...             | 0.49            | 0.49             | ...             | ...             |
| <b>Total-Iron and Steel Industries</b>   |  | <b>2.03</b>      | <b>44.43</b>    | <b>46.46</b>    | <b>15.00</b>     | <b>44.60</b>    | <b>59.60</b>    | <b>15.00</b>      | <b>0.49</b>     | <b>15.49</b>    | ...              | ...             | ...             |
| 11.  | Investment in Public Sector Enterprises  | 6852             | ...             | ...             | ...              | ...             | ...             | ...               | ...             | ...             | ...              | ...             | ...             |
| 12.  | Actual Recoveries  | 2852             | -7.15           | ...             | -7.15            | ...             | ...             | ...               | ...             | ...             | ...              | ...             | ...             |
| <b>Grand Total</b>   |  | <b>-5.12</b>     | <b>64.09</b>    | <b>58.97</b>    | <b>15.00</b>     | <b>67.95</b>    | <b>82.95</b>    | <b>15.00</b>      | <b>23.48</b>    | <b>38.48</b>    | <b>15.00</b>     | <b>70.62</b>    | <b>85.62</b>    |
|  | Head of Dev  | Budget Support   | IEBR            | Total           | Budget Support   | IEBR            | Total           | Budget Support    | IEBR            | Total           | Budget Support   | IEBR            | Total           |
| <b>B. Investment in Public Enterprises</b>                                       |  |                  |                 |                 |                  |                 |                 |                   |                 |                 |                  |                 |                 |
| 11.01  | Steel Authority of India Limited   | 12852            | ...             | 6839.76         | 6839.76          | ...             | 7500.00         | 7500.00           | ...             | 6500.00         | 6500.00          | ...             | 6000.00         |
| 11.02  | Rashtriya Ispat Nigam Limited  | 12852            | ...             | 1625.58         | 1625.58          | ...             | 1801.00         | 1801.00           | ...             | 1428.98         | 1428.98          | ...             | 1678.00         |
| 11.03  | Hindustan Steelworks Constructions Limited   | 12852            | ...             | ...             | ...              | ...             | ...             | ...               | ...             | ...             | ...              | ...             | ...             |
| 11.04  | NMDC Limited   | 12852            | ...             | 3136.07         | 3136.07          | ...             | 3588.00         | 3588.00           | ...             | 3787.00         | 3787.00          | ...             | 3964.00         |
| 11.05  | KIOCL Limited  | 12852            | ...             | 8.75            | 8.75             | ...             | 27.00           | 27.00             | ...             | 3.00            | 3.00             | ...             | 500.00          |
| 11.06  | Manganese Ore India Limited  | 12852            | ...             | 114.78          | 114.78           | ...             | 127.47          | 127.47            | ...             | 128.07          | 128.07           | ...             | 139.53          |
| 11.07  | Bird Group of Companies  | 12852            | ...             | ...             | ...              | ...             | ...             | ...               | ...             | ...             | ...              | ...             | ...             |
| 11.08  | MECON Limited  | 12852            | ...             | 6.12            | 6.12             | ...             | 5.00            | 5.00              | ...             | 5.00            | 5.00             | ...             | 5.00            |
| 11.09  | MSTC Limited   | 12852            | ...             | ...             | ...              | ...             | 10.00           | 10.00             | ...             | 5.00            | 5.00             | ...             | 10.00           |
| 11.10  | Ferro Scrap Nigam Limited  | 12852            | ...             | 12.65           | 12.65            | ...             | 12.00           | 12.00             | ...             | 12.00           | 12.00            | ...             | 12.00           |
| <b>Total</b>   |  | ...              | <b>11743.71</b> | <b>11743.71</b> | ...              | <b>13070.47</b> | <b>13070.47</b> | ...               | <b>11869.05</b> | <b>11869.05</b> | ...              | <b>12308.53</b> | <b>12308.53</b> |
| <b>C. Plan Outlay</b>  |  |                  |                 |                 |                  |                 |                 |                   |                 |                 |                  |                 |                 |

|                              | Head of Dev | Budget Support | IEBR     | Total    | Budget Support | IEBR     | Total    | Budget Support | IEBR     | Total    | Budget Support | IEBR     | Total    |
|------------------------------|-------------|----------------|----------|----------|----------------|----------|----------|----------------|----------|----------|----------------|----------|----------|
| 1. Iron and Steel Industries | 12852       | -5.12          | 11743.71 | 11738.59 | 15.00          | 13070.47 | 13085.47 | 15.00          | 11869.05 | 11884.05 | 15.00          | 12308.53 | 12323.53 |

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

2.01. **Promotion of Research & Development in Iron & Steel Sector:** Under this scheme, financial assistance is provided to pursue R&D projects of national importance.

3. **Support to CPSEs:** 3.01 - Hindustan Steelworks Construction Ltd.: For payment of interest on loans raised from banks for implementation of Voluntary Retirement Scheme (VRS). HSCL has availed term loans from three commercial banks, namely SBI ₹ 209.82 crore, Vijaya Bank ₹ 50.00 crore and ICICI Bank ₹ 258.54 crore totaling to ₹ 518.36 crore, for funding VRS as per the restructuring plan approved by the competent authority in the year 1999. These loans were provided with Government Guarantee for both the principal as well as the interest accruing thereon.

4. **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.

11. **Investment in Public Sector Enterprises:** Provides for implementation of various capital schemes by the Public Sector Enterprises under the administrative control of Ministry of Steel. There is no budgetary provision in BE 2016-17. All the PSUs would make their Capital Expenditure from their IEBR. Details are as follows:

11.01. **Steel Authority of India Limited::** It has five integrated steel plants located at Burnpur, Bokaro, Bhilai, Rourkela and Durgapur and Alloy Steel Plants at Durgapur and Salem. With effect from 16.2.2006, Indian Iron & Steel Company (IISCO), a subsidiary of SAIL, has been merged with SAIL and renamed as IISCO Steel Plant (ISP). Maharashtra Elektros melt Ltd., which is engaged in the production of Ferro Alloys and was formerly subsidiary of SAIL has been merged with SAIL and renamed as Chandrapur Ferro Alloy Plant (CFP). Bharat Refractories Limited (BRL), a PSU under this Ministry has also been merged with SAIL and renamed as SAIL Refractories Limited (SRU). The plan outlay of SAIL Plants/Units and its subsidiaries are being met from the IEBR of SAIL.

(i) Outlay of ₹ 1535 crore has been provided for Bhilai Steel Plant of which ₹ 1388 crore is for Modernization and Expansion of the Plant. Balance outlay is for schemes like Coke Oven Battery 9, Development of Rowghat mine, upgradation of stoves of BF 4 and other ongoing, completed & new schemes.

(ii) Outlay of ₹ 400 crore has been provided for Durgapur Steel Plant of which ₹ 291 crore is earmarked for Modernization and Expansion of the Plant. Other schemes covered under the outlay include Rebuilding of Coke Oven Battery (COB) No. 5, Upgradation of Press Electronics alongwith necessary Hydraulics of Wheel, Installation of New Rotary Hearth Furnace and other ongoing, completed and new schemes.

(iii) An amount of ₹ 1240 crore has been provided for Rourkela Steel Plant (RSP). Major scheme included in the outlay is Modernization and Expansion of RSP (₹ 566 Crore). Other schemes are Installation of new Hot Strips Mill (HSM), Upgradation of Blast Furnace 1, Rebuilding of COB 3 and other ongoing, completed & new schemes.

(iv) Outlay of ₹ 410 crore has been provided for Bokaro Steel Plant, of which ₹ 186 crore is earmarked for Modernization and Expansion of the Plant. Other schemes covered under the outlay are Rebuilding of COB No. 7, Modernization of Steel Melting Shop (SMS) I and other ongoing, completed and new schemes.

(v) Outlay of ₹ 990 crore has been provided for IISCO Steel Plant (ISP). Major portion is for Modernization and Expansion of ISP (₹ 969 crore), Rebuilding of COB No. 10 and balance amount is for other ongoing, completed and new schemes.

(vi) Outlay of ₹ 10 crore for Alloy Steels Plant, Durgapur is for several completed, ongoing schemes and new schemes.

(vii) Outlay of ₹ 15 crore has been allocated for Salem Steel Plant (SSP). Major portion of the outlay is for Expansion of SSP (₹ 7 crore) and the remaining amount is for ongoing, completed and new schemes.

(viii) Outlay of Rs 244 crore has been allocated for Raw Materials Division. Major portion of the outlay is for enhancement of production capacity at Gua along with Pellet Plant (₹ 114 crore). Other major schemes are Expansion of Meghahatuburu & Bolani Mines and the remaining amount is for ongoing, completed and new schemes.

(ix) Remaining outlay of ₹ 155 crore has been provided for Visvesvaraya Iron & Steel Ltd. (₹ 15 crore), Central Units of SAIL (₹110 crore including investments through Joint Ventures of ₹ 51 crore), Chandrapur Ferro Alloys Plant (₹ 30 crore) for various ongoing and new schemes / projects and research work.

11.02. **Rashtriya Ispat Nigam Limited::** Visakhapatnam Steel Plant under RINL is the first shore based integrated steel plant in India. All the units of 3 MTPA original project were commissioned and in operation since July, 1992. The expansion to 6.3. MTPA capacity worth ₹ 12300 crore approx has since been commissioned in April 2015.

RINL has also taken up a number of modernization projects to rejuvenate the health of the existing units and also to increase the capacity up to 7.3. MTPA of Liquid Steel. Category-1 Capital Repairs of Blast Furnace-1 have been completed in July 2014. Capital Repairs/modernization of other major units like Blast Furnace 2, Sinter Plant and Steel Melt Shop Converters have been taken up and are expected to be completed by 1st Quarter of 2017-18. To take care of the increased Hot Metal

Production after the Capital Repairs, one additional Converter and Caster are being installed in SMS-2 and planed to be commissioned by 2016-17

A Targeted Outlay of ₹ 1402 crore has been made for the year 2015-16 for implementation of the above works and other AMR schemes for RINL. Plan outlay of OMDC & BSLC for the year 2015-16 is Rs 26.98 crore (RE of 2015-16) and Nil respectively. Further, an outlay of ₹ 1350 crore has been planned for the year 2016-17 for implementation of the aforesaid works and other AMR/R&D schemes for RINL. The entire outlay is from IEBR.

11.03. **Hindustan Steelworks Construction Limited::** Incorporated in 1964, for undertaking complete construction of modern steel plants. The company has diversified in the infrastructure sector involving high degree of planning, co-ordination and modern sophisticated techniques. No plan outlay has been proposed for HSCL. The restructuring of the PSU is under consideration of the Government.

11.04. **NMDC Ltd.::** NMDC is the single largest producer of iron ore and operating only mechanized diamond mine in the country. The company is also expanding its activities towards steel making and other value added products. The plan outlay of Rs, 3964.00 Crore (Subject to approval of board) is earmarked for major schemes like 3MTPA Steel Plant at Nagarnar in Chattisgarh, capacity expansion and mine development activities at Kirandul, Bachel, Donimalai and in Greenfield leases, AMR/Township and R&D Activities.

11.05. **KIOCL Ltd.::** KIOCL was set up to manufacture iron ore concentrates for export to Iran. A Pellet Plant to utilise 3 million tonnes of concentrates was approved in May, 1981. The Project, implemented at a cost of ₹ 116.65 crores, commenced commercial production in April, 1987. However, as per the directions of Honble Supreme Court, the company had to stop mining at Kudremukh w.e.f. 31.12.2005.

KIOCL Ltd. during Financial Year 2016-17 allocated plan outlay of ₹ 500 crore for implementation of various capital projects. Some of the projects proposed are:

(i) Development of Devadari Iron ore deposit in the state of Karnataka & forwarding integration project at Blast Furnace unit etc.

(ii) Equity participation with NMDC & RINL for setting up slurry pipeline & Pellet Plant project Development of iron ore deposit joint with APMD, a State owned PSU under Govt. Of Andhra Pradesh.

(iii) Setting up of 1.5 MTPA Pellet plant at Bokaro Steel Plant, SAIL on Built, Own & Operate (BOO) basis.

The projects will be generated through Internal resource and long term borrowings from Banks/Financial Institution.

11.06. **MOIL:** MOIL is a Central Public Sector Enterprise under the administrative control of the Ministry of Steel, Government of India. Government of India, Government of Maharashtra and Government of Madhya Pradesh hold 71.57%, 4.62% and 3.81% shares respectively. Rest of 20% shares are held by the Public. 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. Outlay of ₹ 139.52 crore has been provided for sinking/deepening of vertical shaft at Balaghat Chikla, Kandri, Ukwa, Munsar and Gumgaon Mine, investment in joint venture for Ferro/Silico Manganese manufacturing with SAIL and RINL, development of new areas and acquisition of land, forest and environment clearance including prospecting and exploration and AMR schemes, township, R&D/feasibility studies etc. Entire outlay will be met from IEBR of the company.

11.08. **MECON LIMITED::** It is the first consultancy and engineering organisation in the country to be accredited with ISO: 9001-2008. 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 of ₹ 5.00 crore (IEBR) is for expansion, modification & augmentation of office space/guest house at various locations.

11.09. **MSTC LIMITED::** The Company, a trading concern of Government of India, undertakes disposal/procurement of scrap, minerals stores, etc. of public sector enterprises and Government Departments through electronic portals/e-commerce. The Company arranges imports of scrap as well as other items as per the needs of actual users in competition with the private sector.

The core activity of the Company has been divided into two Operational Divisions i.e. ECommerce and Trading. The eCommerce division undertakes disposal of Scrap, surplus stores, minerals, agri & forest produces through eAuction. MSTC has embarked upon setting up of mechanized shredding plant to bring a whole new method of processing of scrap from the End of life vehicle and other white goods like air conditioner, refrigerators, which after usage for a long period (10 to 15 years) become unviable for further operation. MSTC has been continuously working with Ministry of Road Transport and Highways (MORTH), Ministry of Heavy Industries, Society of Indian Automobile Manufactures etc. for implementation of a law for compulsory shredding of End of life vehicles. Presently Govt. Of India is mulling Scrap Policy with a scheme incentivizing shredding of motor vehicle in the form of subsidy/excise duty relief. An Outlay of ₹ 10.00 crore has been earmarked for setting up of Shredding Plant is to be met from I&EBR.

11.10. **Ferro Scrap Nigam Limited::** FSNL is a 100% subsidiary of MSTC Ltd. The Company undertakes recovery and processing of scrap from steel plants of SAIL/RINL and plants of BHEL, Haridwar and JSW, Dolvi. Plan outlay of ₹ 12.00 crore is for Addition Modification Rectification (AMR) schemes and is to be met from IEBR of the company.