

PARLIAMENT OF INDIA
RAJYA SABHA

DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE ON INDUSTRY

ONE HUNDRED – THIRTEENTH REPORT

ON

**ACTION TAKEN BY THE GOVERNMENT ON RECOMMENDATIONS CONTAINED IN
COMMITTEE 'S 88TH REPORT ON PERFORMANCE REVIEW OF RASHTRIYA ISPAT NIGAM
LTD. (MINISTRY OF STEEL)**

(PRESENTED TO RAJYA SABHA ON 8TH MAY, 2003)
(LAID ON THE TABLE OF THE LOK SABHA ON 8TH MAY, 2003)

**RAJYA SABHA SECRETARIAT
NEW DELHI
MAY, 2003/VAISAKHA, 1925 (SAKA)**

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As on 1st January, 2003

PARLIAMENTARY STANDING COMMITTEE ON INDUSTRY

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RAJYA SABHA

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3. Shri Jayantilal Barot
4. Dr. M.N. Das
5. Smt. Saroj Dubey
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8. Smt. Sumitra Mahajan
9. Shri P.K. Maheshwari
10. Shri M.J. Varkey Mattathil
11. Shri Rama Muni Reddy Sirigireddy
12. Shri S. Sivasubramanian

13. Smt. Sushree Devi
14. Shri Khan Ghufran Zahidi
15. Shri K. Chandran Pillai

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16. Smt. Jayashree Banerjee
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18. Shri Ram Raghunath Chaudhary
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20. Shri K Francis George
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36. Dr. Bolla Bulli Ramaiah
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42. Shri V. Vertiselvan
43. Shri Ram Prasad Singh
44. Shri Radha Mohan Singh
45. Shri Vijay Sankeshwar

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SECRETARIAT

- Shri Satish Kumar, Additional Secretary
Shri Tapas Das Gupta, Joint Secretary
Shri A.K. Singh, Deputy Secretary
Shri K.P. Singh, Under Secretary
Shri Rakesh Naithani, Committee Officer
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INTRODUCTION

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I, the Chairman of the Department-related Parliamentary Standing Committee on Industry, having been authorised by the Committee, hereby present this One hundred twelfth Report on the action taken by the Government on recommendations contained in committee's 88th report on Performance Review Of Rashtriya Ispat Nigam Ltd.

(Ministry of Steel) .

2. The committee has considered the action taken by the Government on recommendations contained in Committee's 88th report on Performance Review of Rashtriya Ispat Nigam Ltd. (Ministry of Steel) .

3. The Committee at its meeting held on 6th January, 2003 considered and adopted the Report.

NEW DELHI:
January., 2003

DR. P.C. ALEXANDER
Chairman
Department -related Parliamentary Standing Committee
on Industry

REPORT

The Report of the Committee deals with the Action Taken by the Ministry of Steel on the Recommendations contained in the 88TH Report of the Department-related Parliamentary Standing Committee on Industry Report on Performance Review of Rashtriya Ispat Nigam Ltd. (RINL) .

2. Action Taken Notes have been received from the Ministry of Steel in respect of the recommendations contained in the Report. These have been categorized as follows:

Recommendations/Observations, which have been accepted by the Ministry of Steel

(Chapter - I).

Recommendations:- 6.3, 7.5, 7.6, 10.4, 13.4, 14.5, 15.4, 17.8 and 26.3.

Recommendations/Observations which the Committee does not desire to pursue in view of the Government's replies : (Chapter - II)

Recommendations:- 2.3, 2.4, 3.9, 4.2 and 6.2.

Recommendations/Observations in respect of which the Committee has not accepted replies of the Ministry of Steel :. (Chapter - III).

Recommendations:- 5.2, 9.3, 12.4, 15.3, 16.8, 19.3, 22.2, 23.11, 27.2, 28.4 and 29.2.

Recommendations/Observations in respect of which final replies of the Ministry of Steel have not been received. (Chapter - IV).

Recommendations:- 8.5, 9.4 and 24.6.

3. The Committee is pleased to observe that the Ministry of Steel has accepted its recommendations as mentioned in Chapter –I of the Report.

4. In respect of the recommendation contained in Chapter-II the Committee is convinced with the logic and explanation advocated by the Ministry of Steel and therefore does not want to pursue further.

5. The Committee expresses its concern over the non-implementations of recommendations contained in Chapter-III and therefore the Committee desires that the Ministry of Steel should furnish logical explanation in respect of these recommendations.

6. In respect of recommendations placed in Chapter-IV, the Ministry of Steel has either furnished the interim replies or couched its language in vague terms like noted for compliance/guidance therefore, the Committee desires that the Ministry of Steel would furnish Action Taken Notes in respects of recommendation categorized in Chapter-IV in detail and to the point, as per the intention and spirit of the recommendations of the Committee.

7. Observations/recommendations of the Committee are given in Chapter (V)

8. The Details of the Action Taken Notes is being discussed in various Chapters in the succeeding pages.

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CHAPTER - I

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendations (Para 6.2)

Long-term Corporate Plan of RINL

The Committee notes the long-term Corporate Plan of RINL to increase its capacity to 10 million tonnes (envisaging production of 7.0 million tonnes by 2013-14 and 10 million tonnes by 2019-20) with addition of production units in both primary and finishing zones. In this context, the Committee recommends that the Ministry of Steel should examine the proposal of RINL management to enhance the capacity of the plant and, if found feasible, the Ministry of Steel should help RINL management for arranging commercial borrowings. However, it may be noted that the capacity expansion programme in steel sector should be well examined, keeping in view of prevailing over supply in steel market. Therefore, the expansion programme should be backed by intensification of diversification of product range in order to be a dominant player in the market.

Action Taken

Ministry notes the observation of the Committee and will look at further capacity expansion of VSP, hoping the national and international demand for its products and its long term interests.

Recommendations (Para 7.5)

RINL- On the profit- making track

The Committee observes that RINL is gradually, but surely, marching ahead on the profit making track. The plant is already in the position of making cash profit and the Committee hopes that the plant, with excellent capacity utilisation and skilled and devoted work force, would soon start making net profit.

Action Taken

The Ministry notes the observations of the Committee and wishes to inform the Committee that as per tentative financial results available for the first half of the current financial year the company has already registered a net profit of Rs.125 crores.

Recommendations (Para 7.6)

Operational efficiency of RINL

The Committee recommends that RINL managements should intensify its efforts i.e., increase in operational efficiency, enhance in capacity utilisation, adopt cost control measures, widen market network to improve physical and financial performance of the plant.

Action Taken

Ministry and the company note the recommendations of the Committee for implementation. The Committee is also informed that RINL management has been pursuing the goal of achieving high operational efficiencies.

enhancement of capacity utilization, cost control and expansion of market network. The positive impact of these measures is visible in the improved physical and financial performance of the company in the first half of the current financial year.

- Recommendations (Para10.4)

- AMR scheme OF RINL

- The Committee opines that AMR scheme is essential for running the production units, as a continuous basis, at their rated capacity. The Committee is pleased to note that RINL is capable of making investment on AMR projects through IEBR and nongovernment support is required for the purpose. However, the Committee recommends that all AMR schemes should be completed without time and cost overruns.

- Action Taken

- Ministry and the Company note the recommendations of the Committee.

- Recommendations (Para 13.4)

- Proposal of long-term Comprehensive Turnaround Package

- The Committee is of the opinion that, since RINL has started to make cash profit and is poised to make net profit by 2003-04, an opportunity should be given for turnaround. The Committee observes that the proposal of long-term Comprehensive Turnaround Package has long been under the consideration of Government. The contention of the Ministry of Finance, that, the expansion programme, at this stage, would only lead RINL to increased losses, is without substance and logic, in view of the resurrection of the company (gearing up of the company to make profit) and improving the steel scenario in general. And when there no surplus manpower in RINL, there is no reason for adopting VRS. The Committee feels that the comprehensive turnaround plan should have got the nod of the Government for ensuring the viability of the company. RINL has got excellent lay out, effective and efficient management and devoted workers. The company may prove an anchor sheet of India Steel Industry. The Comprehensive, Turnaround package as prepared by M/s A.T. Kearney & MECON had the sound attributes for the revival of the company i.e. initiation of action to create Holding company structure as an independent subsidiary to be styled as an infrastructure company; and diversification of existing products-mix and enhancement of capacity to 4.0 million tonnes production with a investment of Rs.1742 crore. The revival plan also included raising of capital for funding the project and for repayment of debt and interest. That is why, the Committee, in its 30th Report (On Demands for Grants 1999-2000), 37th Report (on Demands for Grants 1999-2000), 51st Report (on Demands for Grants, 2001-02) and 70th Report (on Demands for Grants 2002-03) recommended the Government for giving the due consideration to the comprehensive turn around proposal of RINL. But, of no avail, track, and the only thing required is the one time assistance from the Government. Once the revival package is cleared by the Government, the plant would start running with appreciable acceleration, the Committee hopes.

- Recommendations (Para 14.5)

- Short term turnaround proposal for revival of RINL.

- The Committee recommends that the Government should not hesitate in clearing the short term turnaround proposal for revival of RINL. The Committee is in agreement with the argument of RINL management that, setting of accumulated losses of Rs.4981 crore (Provisional) as on 31st March, 2002 against the preference share capital of Rs.2937 crore and balance against equity capital, would not entail any cash outgo for the Government of India but would definitely strengthen the balance sheet of the company.

- Action Taken for (13.4 and 14.5)

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As of now RINL is consistently improving both its physical and financial performance and no final decision has been taken on the disinvestment proposal by the Department of Disinvestment. The company is concentrating on a short term turn around strategy which consist of negotiations with LIC / UTI for partial conversions of loans into equity and reduction of interest rates. The Govt. of India Guarantee for the working capital loans is being obtained for one year at a time. The above strategy is yielding desired results.

- Recommendations (Para 15.4)

- Reduction in cost of production.

- The Committee further recommends that RINL management should explore the possibility of undertaking measures for further reduction in cost of production.

- Action Taken

- Reducing the cost of production is a continuous process and a committee has also been set up headed by Executive Director (Works) to look at areas of cost reduction.

- Recommendations (Para 17.4)

- Price determined by the free market forces of demand and supply

- The Committee opines that, in a liberal economy, price is determined by the free market forces of demand and supply. Strength of the competitors sets the motion of the market. Therefore, in order to dominate the market one has to be watchful and alert to have full and current knowledge of market forces. The Committee is pleased to note that RINL has the pricing cell in the marketing Department which collects the market related information like market price, the quantum of demand and scale of supply of the products, competition prices, etc and the same is communicated to the decision-makers. The Committee recommends that adequate market research should be undertaken by the market wing of RINL and, thereafter, system of market-related forecasting like demand trend, quantum of supply product-mix etc. may be worked out in order to emerge a leader and manager of the market. Quick decision making mechanism for marketing purpose is a key to success.

- Recommendations (Para 17.8)

- Consumer's satisfaction.

- The Committee is of the opinion that in a liberal and globalised economy customers is the king of market. Therefore, RINL management's first and the foremost motto should be consumer's satisfaction. Meeting of customer's requirement in time should be the guiding principle of RINL's management. The marketing wing of RINL should undertake measures for taking new market zones in India and abroad.

- Action Taken for 17.4. & 17.8:

- The Marketing Directorate of RINL takes appropriate action in the field of product diversification based on the information of both traders and users. The Management Information System collects and analyses the information on demand trends, requirement of new products etc.

- Recommendations (Para 26.3)

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Ultimate meta-goal of a corporate body

The Committee feels that industrial growth and development has real significance only when the benefits of development reaches the lowest rungs of society, therefore, the ultimate meta-goal of a corporate body should be directed towards this cherished direction. True and total development means growth and development of each and all. IN this context the Committee appreciates the social obligation and responsibilities being shouldered by RINL by undertaking projects on rehabilitation, basic infrastructure, education and health, alongwith special impetus to upliftment of down trodden and empowerment of women. The Committee hopes that RINL's efforts for peripheral development would continue and more funds would be provided for the purpose.

Action Taken

RINL is continuously making efforts for the development and upliftment of the population of the surrounding areas for enhancing peripheral development activities from the present level. More budget was sought for the year 2003-04 for the growth and development of economically backward population. Relevant training programmes have also been taken up and a few developmental works like repair of roads, school buildings etc. are taken up on regular basis.

CHAPTER –II**RECOMMENDATIONS/OBSERVATIONS, WHICH THE COMMITTEE DOES NOT DESIRE TO PURSUE**Recommendations (Para 2.3)

RINL operating as a separate and independent PSU (independent from SAIL)

The Committee notes the contentions of RINL management that RINL has been operating as a separate and independent PSU (independent from SAIL) for imbibing competitive resilience in plant, injecting operational efficiency and having the benefits of being accountable for its own financial performance

Action Taken

The Ministry notes the observations of the Committee.

Recommendations (Para 2.4)Merger of SAIL and RINL

The Committee, however, recommends that the Government may like to examine and explore the possibility of merger of SAIL and RINL and take concrete step in this regard, if the move consolidates long steel making capacity in the country.

Action Taken

There is no proposal at present under contemplation of the Ministry for the merger of SAIL and RINL. The restructuring of Steel Authority of India Ltd as approved by the Government does not envisage any merger of SAIL with RINL instead the restructuring of SAIL envisages divestment of Salem Steel Plant, Alloys Steel Plant, Visveswaraih Iron & Steel Co Ltd. and IISCO. Under the circumstances merger of SAIL with RINL would be contrary to essence of SAIL's restructuring.

Recommendations (Para 3.9)Time and Cost Overruns in Commissioning of Plant:

The committee is unhappy to note that inadequate fund flow led to time and cost overrun in the commencement of the operation of the plant. Inadequate and procrastinated provision of fund supply during project implementation period followed by long gestation period resulted into high capital cost of Rs.8594 cr (originally conceived at a cost of Rs.2256 cr).

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Action Taken

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The Ministry notes the observations of the Committee.
Recommendations (Para 4.2)

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Facilities available at RINL

The Committee is pleased to note the facilities available at RINL. The committee hopes that RINL management would make optimum utilization of the facilities available at the plant.

Action Taken

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Noted.

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Recommendations (Para 6.2)

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Capacity utilization

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The Committee is pleased to note that RINL has achieved 103 percent and 104 percent of capacity utilisation by producing 3.083 million tonnes of liquid steel and 2.757 million tonnes of saleable steel, respectively, during 2001-02.

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Action Taken

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Ministry notes observations and conclusions of the Committee.

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CHAPTER-III
RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH THE COMMITTEE HAS NOT
ACCEPTED REPLIES OF THE MINISTRY OF STEEL

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Recommendations (Para 5.2)

Product diversification or product-mix

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The Committee views that product diversification or product-mix is a unique instrument for promotion of products. Therefore, the Committee recommends that adequate efforts should be made by RINL management in the field of market research and, accordingly, chalk out an action plan for product-diversification/product mix as per market demand.

Action Taken

Recommendations of the Committee have been noted by the both Ministry and RINL.

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Further Recommendation

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The Committee would like to know whatever RINL management had undertaken any research work in the field of marketing and if so, whether the RINL management had chalked out an action plan for product-diversification product mix as per market demand. The recommendation of Standing Committee is not just for its otting but for implementation. The expression `noted` used here does not convey the extent of seriousness with which Government

have taken the recommendation of the Parliamentary Committee.

Recommendations (Para 9.3)

Major equipments available at RINL

The Committee notes that major equipments available at RINL, their function, capacity and status. The Committee recommends that expeditious efforts should be undertaken by RINL management for enhancing the blast furnaces, L.D. converters, Strand Bloom Centre, light Medium Merchant and Structural Mill and wide rod Mill for achieving the set target to enhance the production capacity in time. The Committee is pleased to note that all the three coke oven, two Sinter Machines and form power Turbo Generator on working at their normal capacity.

Action Taken

Noted.

Further Recommendation

The Committee desires to note that what efforts have been made for enhancing the blast furnace L.D. converters, stand bloom Centre, light medium Merchant and structural Mill and wide rod mill for achieving the set target to enhance the production capacity in time and also the outcome of the efforts so undertaken.

Recommendations (Para 11.3)

R&D projects AT RINL

The Committee is pleased to note that R&D projects which have been successfully undertaken RINL, in reducing the cost of production and developing new products, the Committee recommends that intensive R&D programme in RINL should continue in forthcoming years and adequate amount of finance should be provided for the purpose.

Action Taken

Ministry and Company notes the observations of the Committee.

Further Recommendation

The Committee would like to know that details of R&D projects have been successful undertaken RINL, in reducing the cost of production and developing new products, and also R&D programmes in RINL which is likely to continue in forth coming years and whether the adequate amount of finance is available for the purpose.

Recommendations (Para 12.4)

Optimum Manpower Strength

The Committee opines that an optimum manpower strength is essential for the survival and operational efficiency of a company. Right man at right place in right time is a management practice which has a definite bearing on the labour productivity. The Committee is pleased to note that RINL is operating with optimum manpower and labour productivity in RINL is highest (211 tonnes per man per year) in comparison to BSP (129 tonnes per man per year) DSP (100 tonnes per man per year) and TISCO (198 tonnes per man per year). The Committee recommends that RINL management should give impetus to the Training and Personality Development Programme in order to further enhance the labour productivity. The Committee feels that a proper human resources development programme would add to labour productivity in RINL.

Action Taken

- Ministry and the Company notes the observations of the Committee.

Further Recommendation

- The Committee desires to know whether RINL management have undertaken any steps to give impetus to the Training and Personality Development programmes in order to enhance the labour productivity further. The Committee reiterates that a proper human resources development programme would add to labour productivity in RINL.

Recommendations (Para 15.3)

Raw- material cost component

- The Committee understands that since RINL has no captive mines and it has to pay inflated freight charges to the Railway, the raw material cost component is high (38%) in RINL in comparison to SAIL and TISCO. The Committee is of the view that since RINL has the Asia's largest layout and has long-term Corporate Plan envisioning production of 7.0 million tonnes by 2013-14 and 10 millions tonnes by 2019-20 with addition of production units in both primary and finishing zones, it would be in the interest of RINL to go for searching and tabbing its own captive mines.

Action Taken

- The recommendation has been noted.

Further Recommendation

- The ratio-materials cost component in the overall cost of production is as high as 38% in RINL which is much higher in comparison to SAIL and TISCO. That is so because RINL has no captive mines and RINL has to pay inflated changes to the Railways. Moreover, the long-term corporate plan envisages production of 7.00 million tonnes by 2013-14 and 10 million tonnes by 2019 -20 . Under this circumstances the Committee had recommended RINL to search and tap its own captive Mines so that RINL may be in a position to reduce its cost of production. The Committee hopes that RINL and the Ministry of Steel would go beyond noting of Committee's recommendation and give active consideration to its recommendation for implementation.

Recommendations (Para 16.8)

Meeting of main steel producers

- The Committee recommends that the Ministry of Steel should regularly organize meeting of main steel producers in order to take stock of problems being faced by steel units in Public and Private Sector. In this regard, Indian Steel Alliance may be made nodal agency for having formal / informal interaction. In such meetings, guidelines for healthy competition may be laid down, besides exploring the ways and means for removing others problems of steel industry.

Action Taken

- Marketing Policy: Recommendation for organizing periodical meetings of the main steel producers in both Public and Private sectors by the Ministry has been noted.

Further Recommendation

The Committee would like to know whether the Ministry of steel has organized any meeting to take stock of problem being faced by steel units in Public and Private Sector with the help of Indian Steel Alliance and if so, what have been the outcome of meetings . A regulatory mechanism may be evolved for laying down rules/guidelines for healthy competition in steel sector.

Recommendations (Para 19.3)

Waste Management

The Committee opines that through waste management, it is possible to extract money out of waste. The Committee is happy to note that RINL's project of recycling of metallurgical waste to the tune of around 1.67 million tonnes has led to a saving of Rs.80.00 crore. And money saved is the money earned, indeed. The Committee hopes that RINL management would continue to recycle the rest of the metallurgical waste (at present 4.00 lakh tonne) and earn Rs.24.00 crore.

Action Taken

Noted.

Further Recommendation

The Committee desires to know that as to what action has been taken by RINL management to recycle the metallurgical waste to the tune of 4.00 lakh tone to extract money to the tune of Rs.24.00 crore. The Committee is surprised to observe that the Ministry of steel expresses just `noted ` where an action is required.

Recommendations (Para 22.2)

Rationalization of tax-structure

The Committee recommends that the Ministry of steel should play a pro-active role by responding to the demand of steel industry for rationalization of tax-structure i.e. reduction in excise duty from 16 to 8 percent for the survival of steel industry. The Ministry of Steel may undertake steps for giving infrastructure status to the steel industry.

Action Taken

Ministry of Steel is already playing a proactive role in taking up all the issues concerning steel industry as a whole and particularly the problems being faced by RINL (VSP). It has helped in the company's negotiations with UTI and LIC in reducing the interest rates apart from providing guarantee for its working capital loans.

Further Recommendation

While the Committee appreciates the efforts of the Ministry of Steel in assisting RINL management in negotiating with UTI and LIC in reducing the interest rates and providing guarantee for its working capital loans, the Committee is of the view that the Ministry of steel should consideration time to time the demand of steel industry for rationalisation of tax-structure i.e. reduction in excise duty from 16 to 8 per cent for the survival of the Steel Industry.

Recommendations (Para 23.11)

Resolution of the issue of inflated railways freight on K-K line through mutual interactions

The Committee recommends that the Railways should give due consideration to the request of RINL management. The Committee feels that railways, NMDC management, RINL management and Ministry of steel should resolve the issue of inflated railways freight on K-K line through mutual interactions and discussion. Railways

may think of transferring the KK line to NMDC, if railways is not in a position to run the line in the rationalized freight regime.

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Action Taken

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Ministry of Steel had taken up on several occasions the problem of excess freight charged by the railways on the KK line with Ministry of Railways at the highest level. Ministry of Railways have not agreed to transfer the KK Line to NMDC for its operation. However, Railways have now reduced the inflation of distance from Bailadila to Visakhapatnam for conveyance of iron ore from 30% to 20%.

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Further Recommendation

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The Committee is pleased to note that the Railways has considered and conceded to the recommendations of this Committee (though partly only) in reducing the inflation of distance from Bailadila to Visakhapatnam for conveyance of Iron ore from 30% to 20% . The efforts of the Ministry of steel in this regard is also appreciated. However, the Committee is of the view that that Railways should remove the inflated railways freight on K.K. Line altogether. The Ministry of Steel should make fresh efforts in this regard.

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Recommendations (Para 27.2)

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Dumping of Defective and Secondary Steel

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The Committee understands that dumping of defective and secondary steel is unflinching damage to the domestic steel industry. Western countries are quick to protect their domestic steel industry by adopting various anti-dumping measures. The Committee, although, it appreciate the role of the Ministry of steel, in protecting the domestic industry from the onslaught of dumping of steel, it recommends that the Ministry of steel may explore the possibility of reducing the timer in ascertaining the assessment of injury to domestic industry, in case of dumping of steel takes place.

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Action Taken

The recommendation has been noted by the Ministry of Steel for examination.

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Further Recommendation

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The Committee is of the view that the Ministry of Steel should consume itself the least time in examining the issue of reduction in time to domestic industry, in case of dumping of steel takes place and approach the Ministry of Commerce at the earliest for appropriate action.

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Recommendations (Para 28.4)

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Current improvement in domestic and global scenario

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The Committee is glad to observe the current improvement in domestic and global scenario and, at the same time, it hopes that RINL management would make every effort for capitalizing on the favourable conditions. Efforts for increasing the consumption of Steel in various sectors of economy should be Intensified at both the micro and macro level.

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Action Taken

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Efforts are made on continuous basis for increasing the consumption of steel in various sectors of economy at both the micro and macro levels.

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Further Recommendation

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The Committee would like to know as to what efforts are made on continuous basis for increasing the consumption of steel in various sectors of economy at both the micro and macro levels.

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Recommendations (Para 29.2)

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Formulation of National Steel Policy

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The Ministry of Steel may make use of suggestions as furnished by RINL management in formulation of a National Steel Policy which has been under the formulation / consideration of the Ministry of steel for long.

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Action Taken

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The suggestion made by RINL will be kept in mind while formulating the National Steel Policy.

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Further Recommendation

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The Committee would like to know as to what progress has been made in regard to formulation of the national Steel Policy. The Ministry of Steel should expedite the process.

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CHAPTER –(IV)

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE MINISTRY OF STEEL HAVE NOT BEEN RECEIVED.

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Recommendations (Para 8.5)

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The Committee believes that introduction of Incentive Schemes by RINL to attain the DPR capacities and to increase the efficiency of the plant reflects its managerial skill and vision. The Committee appreciates the efforts of the management and workers for making the incentive scheme a success which has led to helping the plant to operate at 115% of its rated capacity. The Committee desires that efforts, in this direction, on the part of management would continue in forthcoming years.

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Action Taken

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Ministry and the company note observations of the Committee.

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Recommendations (Para 9.4)

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As far as the proposal for a fourth coke oven battery is concerned, the Committee hopes that the Government will not delay in approving the proposal as RINL is set to show spectacular results in the Steel Industry.

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Action Taken

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As far as 4th Coke Oven Battery is concerned, the proposal is at an advanced stage of consideration and a decision is expected very soon.

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Recommendations (Para 24.6)

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The Committee feels that that RINL management should not leave any stone unturned in availing the opportunities which come across its way. RINL management may grab the opportunity for selling its long product for infrastructural projects. And once the decision to expand the plant's capacity is taken, the scope for finance may be

explored.

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Action Taken

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The recommendation has been noted by the company.

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CHAPTER (V)

OBSERVATIONS/CONCLUSIONS AND RECOMMENDATIONS OF THE COMMITTEE AT A GLANCE

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Recommendations (Para 5.2)

Product diversification or product-mix

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The Committee would like to know whatever RINL management had undertaken any research work in the field of marketing and if so, whether the RINL management had chalked out an action plan for product-diversification product mix as per market demand. The recommendation of Standing Committee is not just for its otting but for implementation. The expression `noted' used here does not convey the extent of seriousness with which Government have taken the recommendation of the Parliamentary Committee.

Recommendations (Para 9.3)

-
The Committee notes that major equipments available at RINL, their function, capacity and status. The Committee recommends that expeditious efforts should be undertaken by RINL management for enhancing the blast furnaces, L.D. converters, Strand Bloom Centre, light Medium Merchant and Structural Mill and wide rod Mill for achieving the set target to enhance the production capacity in time. The Committee is pleased to note that all the three coke oven, two Sinter Machines and form power Turbo Generator on working at their normal capacity.

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The Committee desires to note that what efforts have been made for enhancing the blast furnace L.D. converters, stand bloom Centre, light medium Merchant and structural Mill and wide rod mill for achieving the set target to enhance the production capacity in time and also the outcome of the efforts so undertaken.

Recommendations (Para 11.3)

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R&D projectsAT RINL

-
The Committee would like to know that details of R&D projects have been successful undertaken RINL, in reducing the cost of production and developing new products, and also R&D programmes in RINL which is likely to continue in forth coming years and whether the adequate amount of finance is available for the purpose.

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Recommendations (Para 12.4)

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Proper Human Resources Development Programmes

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The Committee desires to know whether RINL management have undertaken any steps to give impetus to the Training and Personality Development programmes in order to enhance the labour productivity further. The Committee reiterates that a proper human resources development programme would add to labour productivity in RINL.

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Recommendations (Para 15.3)

- Raw -Materials cost- component in the overall cost of production

- The raw -materials cost component in the overall cost of production is as high as 38% in RINL which is much higher in comparison to SAIL and TISCO. That is so because RINL has no captive mines and RINL has to pay inflated charges to the Railways. Moreover, the long-term corporate plan envisages production of 7.00 million tonnes by 2013-14 and 10 million tonnes by 2019 -20 . Under this circumstances the Committee had recommended RINL to search and tap its own captive Mines so that RINL may be in a position to reduce its cost of production. The Committee hopes that RINL and the Ministry of Steel would go beyond noting of Committee's recommendation and give active consideration to its recommendation for implementation.

Recommendations (Para 16.8)

- Meeting to take stock of problem being faced by steel units in Public and Private Sector

- The Committee would like to know whether the Ministry of steel has organized has organized any meeting to take stock of problem being faced by steel units in Public and Private Sector with the help of Indian Steel Alliance and if so, what have been the outcome of meetings . A regulatory mechanism may be evolved for laying down rules/guidelines for healthy competition in steel sector.

Recommendations (Para 19.3)

- Recycling of the metallurgical - waste

- The Committee desires to know that as to what action has been taken by RINL management to recycle the metallurgical waste to the tune of 4.00 lakh tone to extract money to the tune of Rs.24.00 crore. The Committee is surprised to observe that the Ministry of steel expresses just `noted ` where an action is required.

Recommendations (Para 22.2)

- Rationalisation of tax-structure

- While the Committee appreciates the efforts of the Ministry of Steel in assisting RINL management in negotiating with UTI and LIC in reducing the interest rates and providing guarantee for its working capital loans, the Committee is of the view that the Ministry of steel should consider from time to time the demand of steel industry for rationalisation of tax-structure i.e. reduction in excise duty from 16 to 8 per cent for the survival of the Steel Industry.

Recommendations (Para 23.11)

- Removal of the inflated railways freight on K.K. Line

- The Committee is pleased to note that the Railways has considered and conceded to the recommendations of this Committee (though partly only) in reducing the inflation of distance from Bailadila to Visakhapatnam for conveyance of Iron ore from 30% to 20% . The efforts of the Ministry of steel in this regard is also appreciated. However, the Committee is of the view that that Railways should remove the inflated railways freight on K.K. Line, altogether. The Ministry of Steel should make fresh efforts in this regard.

Recommendations (Para 27.2)

- Dumping of steel Products

The Committee is of the view that the Ministry of Steel should consume itself the least time in examining the issue of reduction in time to domestic industry, in case of dumping of steel takes place and approach the Ministry of Commerce at the earliest for appropriate action.

Recommendations (Para 28.4)

Increasing the Consumption of steel

The Committee would like to know as to what efforts are made on continuous basis for increasing the consumption of steel in various sectors of economy at both the micro and macro levels.

Recommendations (Para 29.2)

Formulation of the National Steel Policy

The Committee would like to know as to what progress has been made in regard to formulation of the national Steel Policy. The Ministry of Steel should expedite the process.

**MINUTES OF THE MEETING
TENTH MEETING
X - 115, 117, 118**

The Committee met at 3.30 P.M. on Tuesday the 6th May, 2003 in Committee Room 'A', Ground Floor, Parliament House Annexe, New Delhi.

1. Dr. P.C. Alexander -- Chairman

RAJYA SABHA

2. Prof. M.M. Aggarwal
3. Dr. M.N. Das
4. Shri Faguni Ram
5. Shri Lajpat Rai
6. Smt. Sumitra Mahajan
7. Shri P.K. Maheshwari
8. Shri M.J. Varkey Mattathil
9. Shri Khan Ghufuran Zahidi
10. Shri K. Chandran Pillai

LOK SABHA

11. Smt. Jayashree Banerjee
12. Shri Francis George
13. Shri A.C. Jose
14. Shri Manjay Lal
15. Shri A Narendra
16. Shri Ananta Nayak
17. Dr. Bolla Bulli Ramaiah
18. Shri V. Vertiselvan
19. Smt. D.M. Vijaya Kumari

SECRETARIAT

Shri Satish Kumar, Additional Secretary
Shri Tapas Das Gupta, Joint Secretary

Shri A.K. Singh, Deputy Secretary
 Shri K.P. Singh, Under Secretary
 Shri Rakesh Naithani, Committee Officer

2. At the outset the Chairman welcomed the Members of the Committee.

3. The Committee then took up the following draft Report for its consideration:-

- (i) 111th Report on Operational Efficiency and Survival of Alloy Steel Plant (ASP), Durgapur (Ministry of Steel)
- (ii) 114th Report on Action Taken by the Government on the Recommendations contained in the Eighty-third Report on MOU system in Allied Sector PSEs Pertaining to the Department of Heavy Industries and Public Enterprises (Ministry of Heavy Industries and Public Enterprises)
- (iii) 115th Report on Action Taken by the Government on the Recommendation Contained in the Committee's Eighty-first Report on Sickness in SSI Sector of Cement Industry in Uttar Pradesh (Ministry of Small Scale Industries)
- (iv) 116th Report on Action Taken by the Government on the Recommendation Contained in the Committee's Eighty-second Report on MOU System in Strategic Sector PSEs Pertaining to the Department of Heavy Industries and Public Enterprises.
- (v) 117th Report on Demands for Grants (2003-2004) Pertaining to the Ministry of Small Scale Industries.
- (vi) 118th Report on Action Taken by the Government on the Recommendation Contained in the Ninetieth Report on 'Sickness in SSI Sector in the city of Kanpur, Uttar Pradesh (Ministry of Small Scale Industries).
- (vii) 119th Report on Demands for Grants (2003-2004) pertaining to the Department of Public Enterprises (Ministry of Small Scale Industries).
- (viii) 120th Report on Demands for Grants (2003-2004) pertaining to the Department of Heavy Industries (Ministry of Heavy Industries and Public Enterprises)
- (ix) 121st Report on Action Taken by the Government on Recommendation Contained in the Committee's Hundredth Report on Performance Review of National Mineral Development Corporation (Ministry of Steel).
- (x) 122nd Report on Demands for Grants (2003-2004) pertaining to the Ministry of Steel.
- (xi) 123rd Report on Demands for Grants (2003-2004) pertaining to the Ministry of Mines.
- (xii) 124th Report on Demands for Grants (2003-2004) pertaining to the Ministry of Agro and Rural Industries.
- (xiii) 125th Report on Implementation Status of Modernisation Expansion and financial-cum-Business Restructuring Programmes of SAIL at a Glance (Ministry of Steel).
- (xiv) 126th Report on Revival of nagaland Pulp and paper Company (Ministry of Heavy Industries and Public Enterprises).

4. The Chairman requested the Members to give any suggestion or change in the Report, if required. After a brief discussion the Reports were adopted.

5. The Chairman nominated Prof. M.M. Aggarwal and in his absence Shri Khan Gufran Zahidi, Members Rajya Sabha to present these reports to the Rajya Sabha. He also nominated Dr. B.B. Ramaiah and in his absence Shri A.C. Jose, Members Lok Sabha to present these reports in the Lok Sabha on 8th May, 2003.

The Committee then adjourned at 5.00 P.M.