

Review of Steel Sector

Year End Review 2012 - Major Achievements & Highlights of Ministry of Steel

Year End Review

Trends and Developments in Steel Sector

Steel Sector Trends

- India has become the 4th largest producer of crude steel in the world as against the 8th position in 2003 and is expected to become the 2nd largest producer of crude steel in the world by 2015.
- India continues to maintain its lead position as the world's largest producer of Direct Reduced Iron (DRI) or Sponge Iron.
- 301 MoUs have been signed with various States for planed capacity of around 486.66 million tonnes.
- The steel sector contributes to nearly 2% of the GDP and employs over 5 lakh people.
- The per capita steel consumption has risen from 38 kg in 2005-06 to 59 kg in 2011-12.

Production and Consumption of Steel

- Capacity for crude steel production expanded from 51.17 million tonnes per annum (mtpa) in 2005-06 to 89.29 mtpa in 2011-12.
- Crude steel production grew at 8% annually (CAGR) from 46.46 million tonnes in 2005-06 to 73.79 million tonnes in 2011-12.
- Production for sale of finished steel stood at 73.42 million tonnes during 2011-12 as against 46.57 million tonnes in 2005-06, an average annual (CAGR) growth of 7.9%.
- Real consumption of finished steel has grown at a CAGR of 9.4% during the last six years.
- Domestic real steel consumption was at 70.92 million tonnes and increased by 6.8% on a year-on-year basis.
- Export of finished steel during 2011-12 stood at 4.04 million tonnes while Import during 2011-12 stood at 6.83 million tonnes.

Major Initiatives and Achievements

- In order to conserve iron ore resources of the country for long term domestic value addition, export duty on all varieties of iron ore (except pellets) has been increased from 20% to 30% ad valorem with effect from 30.12.2012.
- Chrome is used in steel manufacturing. Export duty on chrome ore and concentrates has been enhanced to 30% ad valorem w.e.f. 17th March 2012;
- To encourage beneficiation and pelletisation of iron ore fines in the country, basic Customs Duty on the plants and equipments required for initial setting up or substantial expansion of iron ore pellets plants and iron ore beneficiation plants has been reduced from 7.5/5% to 2.5% w.e.f 17th March 2012;

- An action plan for ISO:9001 certification for the Ministry of Steel has been prepared.
- 'Steel Sport Policy' for the CPSEs under the Ministry of Steel adopted with a view to provide opportunity and encouragement to the outstanding sportspersons. Hon'ble Minister of Steel awarded cash prize of Rs. 25 lakh and Rs.20 lakhs each to Silver medalists and Bronze medalists of London Olympics 2012 respectively.
- Sevottam Compliant Citizen's Charter has been revised by the Ministry of Steel and implemented to provide prompt services to citizens/clients/
- An action plan to mitigate potential areas of corruption in the Ministry of Steel has been prepared and is under implementation.

Expansion and Modernization Plans of PSUs

- Steel Authority of India Limited (SAIL) has undertaken expansion and modernization of its integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur, Burnpur and Salem. In the current phase, the crude steel capacity is being enhanced from 12.84 million tonnes per annum to 21.4 million tonnes per annum. The indicative investment for current phase is about Rs. 61,870 crore. In addition, Rs. 10,000 crore (approximately) has been earmarked for expansion and modernization of SAIL mines.
- Rashtriya Ispat Nigam Limited (RINL) has also almost completed expansion from the existing 3 mtpa to 6.3 mtpa of liquid steel at a cost of Rs. 12,291 crore.
- NMDC Ltd. is setting up a 3 mtpa green field Integrated Steel Plant at Nagarnar, District - Bastar, Chhattisgarh State

Merger, Acquisitions, Revival, Restructuring and Joint Ventures of the PSUs

- Union Steel Minister visited Afghanistan in April, 2012 and an MoU on Co-operation in the field of Steel Sector was also signed between Minister of Steel, Government of India and Minister of Mines, Islamic Republic of Afghanistan. Earlier, the SAIL-led consortium AFISCO (Afghan Iron & Steel Consortium), which had submitted its bid for mining exploration rights at Hajigak, had won the status of 'Preferred Bidder' for blocks B, C and D of the mines on 29.11.11, with an estimated reserve of 1.28 billion tonnes of high-grade magnetite iron ore (with 62-64% Fe content). The consortium will now have the opportunity to enter into a Hajigak Project Contract with the Ministry of Mines of the Islamic Republic of Afghanistan after formal negotiations, and to receive a license to further explore, develop and exploit the Hajigak iron ore deposits.
- A delegation led by Union Steel Minister visited Japan in July, 2012 and signed an MoA with Kobe Steel Limited, Japan for ITmk3 technology. It envisages installation of a 0.5 million tonnes ITmk3 technology based plant at ASP, Durgapur. This unit will produce premium grade iron nuggets from iron ore fines and non-coking coal. A Term Sheet outlining the terms of the proposed Joint Venture Agreement (JVA) has been signed with M/s Kobe Steel on 28.12.2011. A Joint Venture Company "SAIL-Kobe Iron India Private Limited" has been incorporated on 25th May, 2012.
- NMDC has acquired 50% equity in Legacy Iron Ore Limited, Australia at a total investment of about Aus \$ 18.89 million.

- Restructuring of Bird Group of Companies completed while Orissa Minerals Development Company Limited (OMDC) conferred Schedule 'B' status and Birsa Stone Lime Company (BSLC) conferred Schedule 'C' status with effect from 06th August, 2012.
- Rashtriya Ispat Nigam Limited (RINL), Visakhapatnam Steel Plant and Power Grid Corporation of India Limited signed a Memorandum of Understanding (MoU) to set up a Joint Venture Company for manufacturing of Transmission Line Towers and Tower Parts.
- RINL has signed an MoU with NMDC for setting up of a pellet plant of 4 mtpa at Visakhapatnam and for laying of slurry pipeline from Bailadila to Visakhapatnam.
- RINL and POWERGRID signed an MoU on 27.07.2012 with an intention to incorporate a Joint Venture Company for setting up a plant of viable size to produce CRGO/CRNO steel at Visakhapatnam.

Corporate Social Responsibility (CSR)

- CSR has been identified as an important parameter in the Memorandums of Understanding (MoUs) drawn up by all the PSUs with the Ministry. CSR activities focusing on environmental care, education, health care, cultural efflorescence, peripheral development, family welfare, social initiatives and other measures are under implementation in the PSUs.
- All profitable Steel PSUs have earmarked certain amount based on the net profit of last year in terms of DPE Guidelines. CSR activities are carried out with the partnership of various NGOs, State Government, Municipal Corporation, CPWD etc.

Promoting Research & Development in Steel Sector

- A roadmap for Research and Development (R & D) for Indian Iron and Steel Industries was prepared by the Ministry of Steel with the aim to highlight the gaps in R & D and Technology along with sensitize the steel industry to draw suitable action plan or strategy to invest on R & D and technology upgradation programme. The roadmap has already released by the Hon'ble Minister of Steel on 21st May, 2012.
- Under the Plan Fund Scheme, 08 Research and Development (R & D) projects were approved in different areas in iron and steel sector with particular emphasis on utilization of low grade resources by developing suitable upgradation techniques. Under the Steel Development Fund Scheme, 68 Research and Development (R & D) projects have been approved in different areas of basic and applied research in iron and steel sector.
- During the 12th Five Year Plan (2012-13 to 2016-17), the Planning Commission has allocated Rs.200crore for Research and Development in the Iron and Steel Sector.

Enhancing Steel Distribution Network

- Public Sector Steel Units are expanding their dealer and distributor networks to reach district centers and remote areas of the country.
- Presently, SAIL has a wide network of marketing offices consisting of 37 Branch Sales Offices, 27 Customer Contact Offices and 66 Warehouses across the country as on 31st March, 2012. SAIL's

dealer network which consisted of 2649 dealers as on 31st March, 2011 was expanded to 2662 dealers as on 31st March, 2012. SAIL dealer network was further expanded by launching a new SAIL Rural Dealership Scheme during FY12 and appointment of 476 rural dealers under the new scheme during the month of March, 2012. SAIL Rural Dealership Scheme has been launched with an objective to meet the steel demand of the small rural consumers at block, tehsil and taluka level.

- RINL has a network of 23 branch offices, 22 stockyards and 5 Consignment Sales Agent (CSA) which cater to the delivery requirement across the country. RINL has a network of 128 retailers and 545 rural dealers.