

## **THE YEAR AT A GLANCE**

### **Performance in 2003-04**

- \* Total production of finished steel has been estimated at 36.150 million tonnes (Prov.) as against the production of 33.671 million tonnes during 2002-03, registering an increase of 7.4%.
- \* Total production of pig iron has been provisionally estimated to be 5.222 million tonnes as against the production of 5.285 million tonnes during 2002-03, a decrease of -1.2%.
- \* Export of steel has been provisionally estimated to be 5.3 million tonnes, registering an increase of 17.6% as compared to 2002-03.
- \* Apparent consumption of finished steel has been provisionally estimated to be 30.4 million tonnes. This is 5.2% higher than the apparent consumption during 2002-03.
- \* China has been an important export destination for Indian steel.

### **Plan Outlay and Budgetary Provisions**

1. Based on the proposals of the PSUs/organisations under Ministry of Steel, the discussions held with the Planning Commission and keeping in view the Plan priorities reflected in the Approach Paper to the 10<sup>th</sup> Plan (2002-2007), the outlay for the 10<sup>th</sup> Plan of Ministry of Steel has been approved at Rs.11,044 crores which includes Gross Budgetary Support of Rs.65 crores.
2. The projected Annual Plan Outlay of Ministry of Steel in Budget Estimates 2003-04 was Rs.1461.30 crores, inclusive of Budgetary Support of Rs.11 crores, and the same has been revised to Rs.854.66 crores, inclusive of Budgetary Support of Rs.18 crores, in the Revised Estimates (2003-04). The Plan Outlay for the Financial Year 2004-05 has been projected at Rs.1461.40 crores with Budgetary Support of Rs.15 crores.

3. The total financial requirements covered in Demand No. 88 of Ministry of Steel for BE 2004-2005, along with Budget Estimates and Revised Estimates for 2003-2004 respectively, are summarised in the following table :-

(Rs. in Crores)

Demand No. 88	BE 2003-2004			RE 2003-2004			BE 2004-2005		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>REVENUE SECTION</b>	0.00	68.31	68.31	0.00	103.87*	103.87	0.00	68.11	68.11
<b>CAPITAL SECTION</b>	11.00	2.00	13.00	18.00	2.00	20.00	15.00	2.00	17.00
<b>Total</b>	<b>11.00</b>	<b>70.31</b>	<b>81.31</b>	<b>18.00</b>	<b>105.87</b>	<b>123.87</b>	<b>15.00</b>	<b>70.11</b>	<b>85.11</b>

\* This does not include an amount of Rs.952.10 crores which is an accounting adjustment, involving no cash outgo, in respect of SAIL/IISCO on account of write off of Govt. of India loans and waiver of interest and penal interest thereon.

### **Research and Development**

Research and Development plays a key roll in the up-gradation of the steel plants in the country in terms of technology, product development, increase in productivity, reduction in energy consumption, utilisation of wastes etc. To supplement the R&D efforts in the Iron & Steel sector in the country, Govt. of India have approved an around expenditure of Rs.150 crores from the Steel Development Fund (SDF).

Ministry of Steel constituted an Empowered Committee (EC) under the Chairmanship of Secretary (Steel) for approval of the research projects. The EC has met 9 times since 1998 and approved 31 research projects costing Rs. 212.73 crores. Out of these, an amount of Rs. 99.57 crores is to be met from the SDF. Till date, an amount of Rs. 72.00 crores approximately has been disbursed from the SDF to the research laboratories/institution steel plants etc for R&D activities.

### **Development of Information Technology in Ministry of Steel**

As a part of the e-governance programme, the Ministry-wide Intranet portal (<http://nt-steel>) has been setup. The portal facilitates relate to on-line lodging of complaints about General Administration, e-submission of indents for stationary

items, e-filing of Casual and Earned Leave applications etc. It also provides steel statistics in the area of steel production, steel exports and imports, apparent consumption, demand and availability, market price and market analysis.

The findings of the survey carried out by the E-Readiness Assessment Group of the Department of Information Technology, Ministry of Communication & IT for Central Ministries/Departments has placed Ministry of Steel at No. 3 among top 10 out of 44 comparable Central Ministries/Departments.

### **IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY IN THE MINISTRY**

The progressive use of Hindi in the Ministry, its attached office and Public Sector Undertakings has been widely encouraged. PSUs are given incentives by awarding Ispat Rajbhasha Shield (First Prize), Ispat Rajbhasha Trophy (Second Prize) and Ispat Rajbhasha Trophy (Third Prize) for the PSUs located in Region "C". Under an incentive Scheme, cash prizes of Rs. 15,000/-, Rs. 10,000/- & Rs.7,500 are awarded to the writers of original books in Hindi on Steel and its allied subjects.

The Honourable Steel Minister for Steel made an appeal on the 14<sup>th</sup> September, 2003 to all the officers and staff of the Ministry and the Steel PSUs to further increase the use of Hindi in their official work. As per instructions issued by the Department of Official Language [Ministry of Home Affairs], Hindi Fortnight was organized in the Ministry from 01.09.2003 to 15.09.2003.

"Prati Din Ek Shabd scheme" launched in the Ministry four years back is being continued during the year. Under this scheme one word/phrase in Hindi and its English equivalent is written daily on the black boards installed on all the three floors occupied by the Ministry in Udyog Bhawan. These words/phrases are generally administrative and technical in nature which are being used in the day to day official work.

Wednesday has been designated as "Hindi Day" in the Ministry and all officials & staff are expected to carry out their entire official work in Hindi on Wednesdays.

## **STEEL AUTHORITY OF INDIA LIMITED (SAIL)**

The production of saleable steel by SAIL during the year 2003-2004 was 11.02 million tonnes against the target of 10.58 million tonnes, an increase of 6.5% over the previous year when the production of saleable steel was 10.35 million tonnes.

Production of saleable steel in IISCO, a subsidiary of SAIL, in 2003-2004 was 2.57 million tonnes representing about 73% achievement of the target. Production in 2002-2003 was 0.264 million tonnes as against 0.302 million tonnes in the previous year.

During the period ended 31.3.2004, SAIL has posted PBT at Rs.2628 crores. During 2003-2004, SAIL achieved a turnover of Rs.24178 crores as against Rs.19207 crores in the previous year. The Post Tax Net Profit recorded during the year 2003-2004 was Rs. 2512 crores as against Post Tax Net Loss of Rs. 304 crores during 2002-2003.

## **RASHTRIYA ISPAT NIGAM LTD. (VISAKHAPATNAM STEEL PLANT)**

Production for the years 2002-03 and 2003-04 is given below :

**Unit : Millions Tonnes**

<b>Item</b>	<b>2002-03</b>			<b>2003-04</b>			
	<b>MOU Target</b>	<b>Actual</b>	<b>% CU</b>	<b>MOU Target</b>	<b>Actual</b>	<b>%Ful.</b>	<b>% CU</b>
Hot Metal	3.400	3.942	116	3.850	4.055	105	119
Liquid Steel	3.000	3.357	112	3.235	3.508	108	117
Saleable Steel	2.675	3.056	115	2.900	3.169	109	119

### **CU – Capacity Utilisation**

During 2003-04, the production of hot metal, liquid steel and saleable steel registered growth rates of 3%, 5% and 4% respectively over 2002-03.

On most of the techno-economic parameters, VSP has created benchmarks in the Indian steel industry. The performance with respect to some of the parameters is indicated below.

<b>Techno-economic Parameters</b>	<b>Unit</b>	<b>DPR Norm</b>	<b>01-02</b>	<b>02-03</b>	<b>03-04</b>
Coke Rate	Kg/t HM	625	524	517	522
BF Productivity (Working vol.)	t/cum/day	1.75	1.86	1.98	2.03
Sp.Refractory Consumption	Kg/t LS	34.26	10.5	9.71	9.25
Sp. Energy Consumption	Gcal/t LS	7.78	6.62	6.13	6.07
Labour Productivity	T/man/yr	200	228	253	262

RINL registered sales turnover of Rs.6174 cr. in 2003-04, representing a growth of 22% over 2002-03. Appropriate marketing strategies, strengthening of stockyard operations, better customer relation's management and faster decision-making have helped in improving sales. During the year, sales in the domestic market stood at Rs.5406 cr. and exports were at Rs.768 cr.

Growth in production and sales, along with other initiatives like interest reduction measures, improvement in techno-economic performance, cost reduction measures etc. has helped in improving financial performance. Gross margin of Rs.2023 cr. and cash profit of Rs.1972 cr. was achieved during 2003-04. Net profit soared to Rs.1521 cr. (prov.) from Rs.521 cr. in 2002-03, representing a growth of 192%.

#### **NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED (NMDC)**

During the year 2003-2004, NMDC produced 18.33 Million Tonnes of Iron Ore and 71159 carats of diamonds. For the year 2002-03 the Company paid a dividend of 30% on the equity capital amounting to Rs.39.65 crores, which was the Thirteenth year in succession for payment of dividend.

#### **KUDREMUKH IRON ORE COMPANY LIMITED (KIOCL)**

- a) The total production of Pellets for the year 2003-04 at 3.671 million tonnes is a new record set by the Company surpassing the previous high of 3.450 million tonnes produced during the previous year. This represents 108% of the target and an increase of 6% as compared to the previous year.
- b) The total Sales for the year 2003-04 touched an all time high of Rs.1024 crores, for the first time crossing Rs.1000 crores mark and surpassing previous high of Rs.727.14 crores achieved during the previous year. This represents an increase

of 41% over the previous year and also represents 157% of the target. Gross Margin/PBT/PAT have been Rs. 469.45 crores, Rs. 406 crores and Rs. 301 crores respectively during 2003-04. These are substantially higher than those achieved during 2002-03

c) The techno-economic parameters like energy consumption etc., have shown improvements and are as per Very Good targets of MoU.

d) Production of 3.671 million tonnes of Pellets (including Pellet Fines) during the year, the highest quantity of Pellets produced in any year so far, surpassing the previous high of 3.45 million tonnes during previous year;

e) Despatch of 3.628 million tonnes (including Pellet Fines) during the year, the highest quantity of Pellets despatched in any year so far, surpassing the previous high of 3.539 million tonnes despatched during the previous year ;

#### **MANGANESE ORE (INDIA) LIMITED (MOIL)**

- During the period from 1.4.2003 to 31.3.2004, MOIL has achieved a turnover of Rs. 224.36 crores and earned Profit Before Tax of Rs. 39.72 crores.
- MOIL produced 799.075 thousand tonnes of manganese ore during the period 1.4.2003 to 31.03.2004.
- Production of Electrolytic Manganese Dioxide (EMD) and Ferro Manganese during the period 1.4.2003 to 31.3.2004 was 975 and 10900 tonnes respectively.
- During 2002-03, MOIL has achieved the highest ever turnover of Rs. 177.88 crores. MOIL earned a Net Profit of Rs 17.78 crores during the same year. MOIL has paid 27% dividend for the year 2002-03.

#### **TATA IRON AND STEEL COMPANY LTD (TISCO)**

Tata Steel, after completion of their four phases of modernization has achieved a production of 3.54 million tonnes of finished steel and 4.22 million tonnes of crude steel in 2003 – 2004, surpassing all previous records. The performance of TISCO was marked by higher volumes, richer product – mix and considerable achievement in the areas of cost reduction and improvement.

## **ELECTRIC ARC FURNACE INDUSTRY**

Presently, there are 35 Electric Arc Furnace based steel plants working in the country with an aggregate capacity of 6.72 million tonnes per annum. Several other units are reportedly closed. Various reasons such as rising cost of inputs, increasing tariffs, shortage of power, resource crunch etc. are believed to be responsible for the relatively poor performance of this sector of the industry. Production of Ingots/Concast Billets by EAF units, (which were reporting their production to the office of the Development Commissioner for Iron & Steel), during 2003-2004 was estimated at 5.70 million tonnes as compared to 5.19 million tonnes during 2002 – 2003.

## **INDUCTION FURNACE INDUSTRY**

During 2003 – 2004 it is estimated that 650 units were in operation which reportedly produced about 4.9 millions tonnes, as against estimated production of 4.75 million tonnes in 2002-03. The Joint Plant Committee has undertaken an All India Base-line Survey of the Induction Furnace Industry to assess the present status.

## **SPONGE IRON INDUSTRY**

India is the largest producer of sponge iron in the world. The growth of sponge iron specifically during the last few years in terms of capacity and production has been substantial. The installed capacity of sponge iron increased from 1.52 million tonnes per annum in 1990 – 1991 to 8.75 million tonnes per annum in 2002– 2003. The production has increased from 0.9 million tonnes in 1990 – 1991 to 8.00 million tonnes in 2003 – 2004. Further, the estimated capacity in respect of sponge iron in the country has gone up to about 9.3 million tonnes per annum during 2003-2004.

## **PIG IRON INDUSTRY**

Total production of pig iron in the country during 2003 – 2004 was 5.22 million tonnes, which was approximately 1.3% lower than the previous year's production of 5.29 million tonnes. The contribution of private/secondary sector units adopting mini blast furnace route in the overall production of pig iron in the country continued to

increase during the year from 79% in 2002 – 2003 to 81% in 2003 – 2004. These units have also been significantly contributing to the availability of the special grade pig iron including low Sulphur and low Phosphorus varieties. While import of pig iron is negligibly insignificant, estimated export was 5.76 lakh tonnes, which were marginally, lower than the export of 6.29 lakh tonnes during 2002-03.