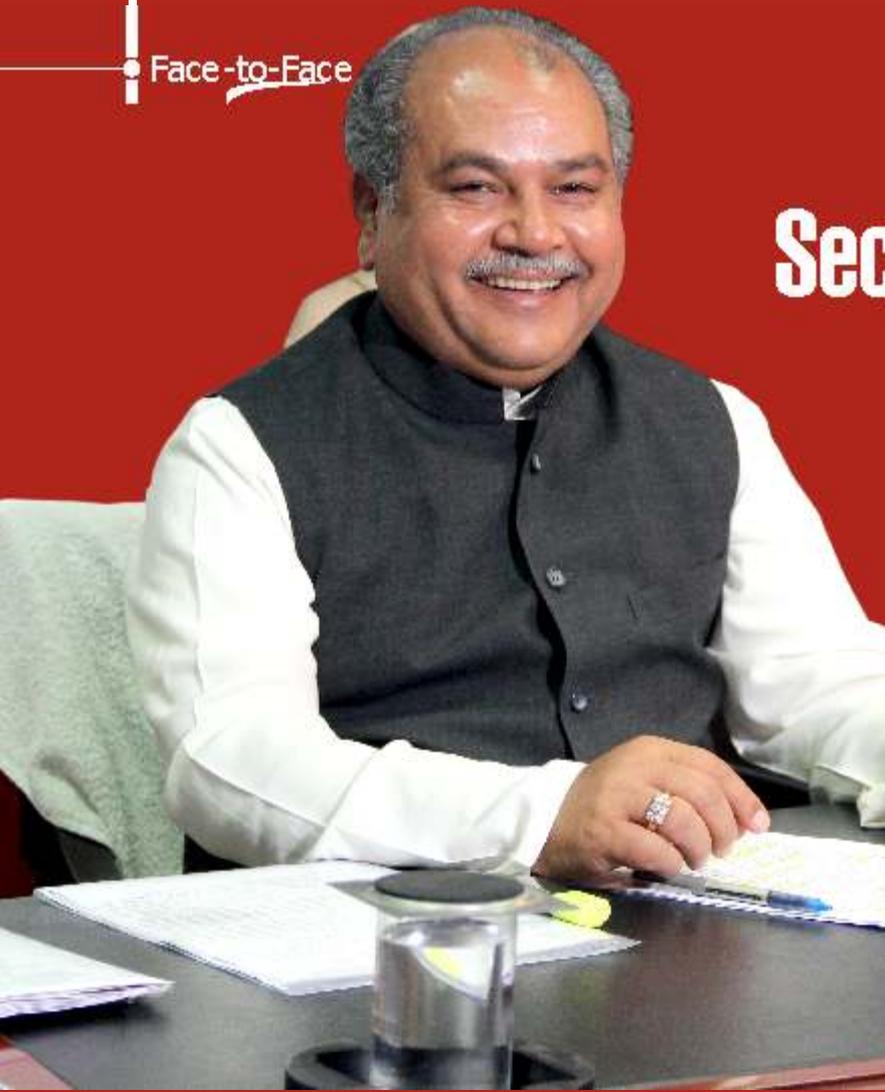


# Indian Iron & Steel Sector on Growth Path

Narendra Singh Tomar



**N**arendra Singh Tomar has been elected from Gwalior Parliamentary Constituency in Madhya Pradesh in the General Election to 16th Lok Sabha and is currently serving his second term in the Lok Sabha. Shri Tomar has accorded approval for institutionalized R&D framework for Indian steel industry with Rs. 100 crore contribution by Government of India. The Minister has put in place systems for meeting the iron ore requirements of Indian steel industry. In May 2008, the Lok Sabha Adhyaksh felicitated Shri Tomar as “Utkrisht Mantri” in Legislative Assembly of Madhya Pradesh.

“With a view to increase steel production, and encourage 'Make in India' for steel sector, we are also working on **Special Purpose Vehicle (SPV)** dedicated for the steel industry”, says **Narendra Singh Tomar- Union Minister of Steel & Mines, Government of India** in an exclusive interview with **Steelworld**. Excerpts

## How will the process of Auctioning promote fairness and transparency in granting mining concessions?

- As far as mining is concerned, we have tried to infuse life in the sector by bringing in MMDR Amendment Act 2015. This will give mining activities a fillip, and will replace the pessimism and slowdown in this sector with optimism and buoyancy. By Amending the Act, we have introduced Auction as the only way of granting mining concessions, which is bound to bring transparency, fair-play and clarity in the concession process. This will also boost investor confidence, incentivising investment in this sector. Furthermore, we have extended the lease period to 50 years, thereby granting security of tenure to miners, who will no longer be driven from pillar to post for the tardy process of lease renewals.

## India has vast universal reserves how best we can utilize them without disturbing the ecological balance?

- Despite being a minerally rich country, India has not been able to register its mining presence on a global scale. In contrast, geologically similar countries such as Australia and Canada have left India far behind in mining sector. If this backwardness can be ascribed to one major reason, it will be under-exploration. In India, Geo-physical mapping has been completed in only 15% of the area of Obvious Geological Potential (OGP). Mining activities are being carried out only in 1% of this OGP area, which again, is very

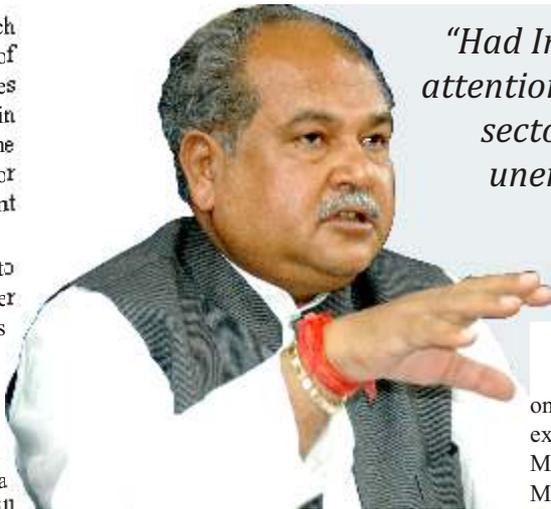
disappointing. In fact, exploration is one such activity which actually grows the reserves of the country. For example, the known reserves of iron ore in Australia have grown a 100 fold in the last 40 years. Had India devoted due time and attention to exploration, the mining sector would have solved the unemployment conundrum to a great extent.

Now that auction has been introduced to dispose mining leases, exploration is no longer a choice, but a necessity, since mining blocks will be notified for auction only after conducting necessary exploration work.

It is for these reasons that we have turned our attention towards exploration. Through the latest Amendment, we have established a National Mineral Exploration Trust, which will be financed by an amount equivalent to 2% of the royalty paid by leaseholders (at the existing rates of royalty, an amount of Rs 300 crore per year is expected to accrue to this Trust). Besides, other than GSI and MECL, seven more PSUs have been notified to carry out Prospecting work in the country, which includes Rashtriya Ispat Nigam Limited, Steel Authority of India Limited, NMDC Limited, KIOCL Limited, MOIL Limited, Chhattisgarh Mineral Development Foundation and Madhya Pradesh State Mining Corporation Limited. The process for transfer of leases has been simplified, which is expected to attract exploration companies to carry out detailed exploration to establish resources. Provision has also been made for granting Non-Exclusive Reconnaissance Permits, so as to invite participation of exploration experts in exploring India better.

**What are government's plans to rehabilitate mining affected population?**

- It is worth mentioning that in all the 66 years of independence, no Government had previously expended their resources on the



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producer in the world, leaving behind America. Our target is to reach second position by year 2020.

In the last year, we paid special emphasis on timely completion of modernisation and expansion activities of PSUs under the Ministry of Steel. On April 1, 2015, Prime Minister Shri Modiji dedicated to the nation, the modernised and expanded steel plant of Steel Authority of India Limited (SAIL) in Rourkela. He also dedicated the modernised steel plant of SAIL, IISCO Steel Plant, Burnpur to the larger good of the country. The steel plants of SAIL are being expanded from a capacity of 13 million tonnes per annum (MTPA) to 23 MTPA with an investment of Rs 61,000 crore. The long term vision is to take SAIL's capacity up to 50 MTPA by 2025, with an estimated investment of Rs 1,50,000 crore. On May 22, SAIL signed an MoU with Arcelor Mittal, to set up a state-of-the-art Cold Rolling Mill in India to cater to the growing and sophisticated automobile industry in the country. The Government aims to take Indian steel production to a level of 300 MT by 2025.

**How can 'Make in India' campaign be implemented in Steel sector?**

- To aid Research & Development in the area of steel, the Ministry has also set up Steel Research and Technology Mission of India with an initial fund of Rs 200 crore. We are exhorting Indian steel companies to tie up with foreign players in order to produce high quality steel products domestically. This will help curb increasing import of steel products in India.

With a view to increase steel production, and encourage Make in India for steel sector, we are also working on Special Purpose Vehicle (SPV) dedicated for the steel industry. In the first phase, we are targeting to establish steel plants through the SPV route in Chhattisgarh, Odisha, Jharkhand and Karnataka. On May 9, an MoU for setting up SPV in Chhattisgarh was signed in the presence of Shri Narendra Modi ji. And MoU for SPV in Jharkhand is likely to be signed on 28th June. Finalisation of agreements for SPVs in other states is also underway.

welfare of mining affected people and places. Predominantly occupied by Scheduled Tribes, these areas had suffered neglect and no mechanism was evolved to cater to their needs. The present Government has provided for the establishment of District Mineral Foundation (DMF), with the express purpose of increasing the standard of lives of mining affected people. Existing miners will contribute an amount equivalent to the royalty towards DMF, whereas new miners will contribute an amount limited to the one-third of royalty. It is estimated that DMF will receive Rs 10,000 crore on an annual basis.

**What is the present status of Indian Steel industry? What are the future prospects?**

- Since steel is a deregulated sector, the role of Steel Ministry is limited to that of a facilitator and coordinator. We have proactively interacted with related Ministries and States, in order to meet the demand of indigenous steel producers.

As per figures released by World Steel Association, for the period January-April 2015, India has become the third largest steel

