The budget expenditure of SDF during the last three years is as follows :—

(Rs. in crores)

	1997-98	1998-99	1999-2000
1. SSIC Rebate	7.11	2.51	2.17
2. Expenditure including ERU, Survey Fees, Bank charges etc.	2.32	1.84	2.02
3. R&D Expenditure	0.08	2.67	23.62

(d) There is no adverse effect on the research and development projects of SAIL because of paucity of funds.

Status of Sponge Iron Industry

3168. SHRI C. RAMACHANDRAIAH : Will the Minister of STEEL be pleased to state :

(a) the status of sponge iron production in the country;

(b) whether Andhra Pradesh has the ideal resources for encouraging a sponge iron industry;

(c) whether it is a fact that outdated policies and bureaucratic procedures have hampered the growth of sponge iron industry in Andhra Pradesh;

(d) whether any survey has been made of the potential of sponge iron production in the country;

(e) the steps proposed to revive and encourage the sponge iron industry;

(f) whether any effort has been made by Government to encourage exploitation of low grade iron ore in the country; and

(g) if not, the reasons therefor ?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY) : (a) There are 26 sponge iron plants in the country, having a capacity of 6.39 Million Tonnes Per Annum. Out of these, 3 plants are gas based with a capacity of 3.76 Million Tonnes Per Annum; the remaining 23 are coal based sponge iron plants with a capacity of 2.63 Million Tonnes Per Annum.

(b) to (d) Iron ore/pelets, non-coking coal and natural gas (Krishna-Godavari Basin) are available in and around Andhra Pradesh. The State also has the advantage of long coastal line and ports. Under the extant industrial policy regime, entrepreneurs are free to set up sponge iron plants anywhere in the country based on their commercial judgement. No prior permission of the Government is required to set up such plants.

(e) The Government have been encouraging the growth of sponge iron industry in the country.

The important policy measures implemented in this regard are listed below:—

- freeing the sector from requirements of licensing and registration, except for certain locational restrictions;

- permitting 100% Foreign Direct Investment (FDI) and Foreign Technology Collaboration Agreements upto US $ 2 million on the Automatic Approval route; and

- assisting the sector in obtaining linkages of non coking coal, allocation of captive coal blocks and natural gas.

(f) and (g) Indian Bureau of Mines (IBM) is regularly monitoring the generation of non marketable lumpy iron ores (low grade ore) and subgrade fines, to see that those are stacked separately for future use. Research & Development work to utilize low grade iron ore by improved beneficiation techniques is in progress in IBM. During the year 1990 IBM had fixed threshhold values of exploitation of low grade iron ore by convening conferences related to beneficiation techniques available for upgradation of low grade iron ore. As a result, the iron ores of Goa area are being exported after carrying out beneficiation & blending. The hematite iron ores having 58-62% Fe content available in other areas are being utilized by the indigenous steel plants after blending and beneficiation wherever amenable. The mineralised rejects (fines) are also being utilized to a large extent by suitable blending with high grade ores for making sinters & pellets for use in the steel industry.