

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:1427
ANSWERED ON:01.08.2000
PRIVATISATION OF RASHTRIYA ISPAT NIGAM
NEDURUMALLI JANARDHANA REDDY

Will the Minister of STEEL be pleased to state:

- (a) whether the Government propose to privatise the Rashtriya Ispat Nigam Limited;
- (b) if so, the details thereof;
- (c) whether the Government of Andhra Pradesh has submitted some suggestions for the revival of this Plant; and
- (d) if so, the details thereof and the reaction of the Government thereto?

Answer

MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) & (b): Rashtriya Ispat Nigam Ltd.(Visakhapatnam Steel Plant) had submitted a comprehensive turnaround proposal for its revival inter-alia including infusion of funds, but it was not found viable by the Government. In the meantime, the Disinvestment Commission recommended writing off of the entire accumulated losses of the company as on 31.3.1999 along with disinvestment of not less than 51% of its remaining equity to a strategic buyer. However, no final decision has yet been taken on these recommendations of the Disinvestment Commission.

(c) & (d): In March, 99 the Chief Minister of Andhra Pradesh sought the following dispensations from the Government for RINL (VSP):

- i) Set-off the accumulated losses
- ii) Approval of capacity expansion
- iii) Provision of Govt. Guarantee for raising funds, and
- iv) Extension of Govt. guarantee for working capital loan.

A detailed proposal containing the above suggestions was already under consideration of the Government at that time. However, after examination it was not found viable. In the meantime, the Disinvestment Commission recommended writing off of the entire accumulated losses of the company as on 31.3.1999 alongwith disinvestment of not less than 51% of its remaining equity to a strategic buyer. A turn around proposal which inter-alia includes writing off the accumulated losses and extension of Government Guarantee, is under consideration of the Government. No final decision has yet been taken.