

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:1484  
ANSWERED ON:01.08.2000  
MERGER OF HSCL  
RATILAL KALIDAS VARMA

**Will the Minister of STEEL be pleased to state:**

- (a) whether Hindustan Steel Works Construction Limited is proposed to be merged with SAIL;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor;
- (d) whether Visveshvaraya Iron & Steel Limited was considered better than HSCL for merger with SAIL; and
- (e) if so, the details in this regard?

**Answer**

MINISTER OF STATE FOR STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) No, Sir.

(b) Not applicable in view of (a) above.

(c) After making profits for more than a decade, the financial performance of Steel Authority of India Limited (SAIL), started showing a downward trend since 1996-97. The Company made a net loss (after tax) of Rs. 1574 crores in 1998-99, and the losses for 1999-2000 are Rs. 1720 crores. In view of its deteriorating financial performance, Government of India has approved a comprehensive financial and business restructuring plan for SAIL. An MOU has been signed between SAIL and Govt. of India, whereby SAIL has to strictly comply to implementing the business restructuring measures, as these alone would help it turnaround and ensure its viability. As part of the turnaround strategy approved by the Govt. of India, SAIL will concentrate on its core business of carbon steel and separate those activities, which are ancillary to the main business. Therefore, a number of activities/assets that do not constitute its core business would be separated.

HSCL is engaged in construction and related activities. As construction is not a core activity of SAIL and as the company is committed to separating its non core-activities such as power, oxygen and special steels, to facilitate its turnaround, merger of HSCL with SAIL, therefore, cannot be considered.

(d) & (e): VISL is engaged in production of special steels and ferro-alloys. It was a subsidiary of SAIL and was subsequently merged with SAIL in 1998. Its merger with SAIL was based on the consideration that both the Companies were involved in producing alloys & special steels. However, as a part of the restructuring plan approved by Govt. of India, SAIL will continue only in the business of carbon steel. Accordingly, it will be divesting VISL. Therefore, there is no merit in considering the appropriateness of VISL's merger with SAIL vis-a-vis HSCL.