

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:112
ANSWERED ON:13.07.2004
REVIVAL OF STEEL PLANTS
Nayak Shri Ananta;Nikhil Kumar Shri

Will the Minister of STEEL be pleased to state:

- (a) the physical and financial performance of each steel plant during each of the last three years;
- (b) whether some steel plants are running in losses and have been declared sick;
- (c) if so, the details thereof and the reasons therefor, plant-wise;
- (d) whether the Government has formulated any plan to revive such ailing units in a time frame; and
- (e) if so, the details thereof ?

Answer

MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (e) A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (E) OF THE LOK SABHA STARRED QUESTION No.112 TO BE ANSWERED ON 13/7/2004 BY SHRI ANANTA NAYAK AND SHRI NIKHIL KUMAR REGARDING REVIVAL OF STEEL PLANTS

(a) The physical and financial performance of major steel producers during the past three years is as follows:-

Physical Performance (In Million Tonnes)

S.No.	Producer	Production		
		2001-02	2002-03	2003-04
1.	Steel Authority of India Limited (SAIL)	10.00	10.64	11.28
2.	The Indian Iron & Steel Co. Ltd. (IISCO)	0.30	0.29	0.26
3.	Visakhapatnam Steel Plant (VSP)	2.76	3.06	3.17
4.	Tata Iron & Steel Co. Ltd. (TISCO)	3.75	4.09	4.22
5.	Ispat Industries Limited (IIL)	0.96	0.961	1.123
6.	Essar Steel Ltd. (ESL)	1.35	1.69	1.99
7.	Jindal Vijayanagar Steel Ltd. (JVSL)	1.45	1.46	1.69

Financial Performance (Rs. in Crore)

S.No. Producer Profit (+)/Loss(-)

2001-02 2002-03 2003-04

1. Steel Authority of India Limited (SAIL)	(-)	1707	(-)	304	2512
2. The Indian Iron & Steel Co. Ltd. (IISCO)	(-)	180	(-)	182	27
3. Visakhapatnam Steel Plant (VSP)	(-)	75	521	1521	(Prov.)
4. Tata Iron & Steel Co. Ltd. (TISCO)		205	1012	1746	
5. Ispat Industries Limited (IIL)		442.85	82.83	44.32	
6. Essar Steel Ltd. (ESL)		1199.37	1.51	59.59	
7 Jindal Vijayanagar Steel Ltd. (JVSL)		351.07	110.67	528.67	

(b) & (c): Out of the plants mentioned above, IISCO has been running in losses and has been declared a sick industrial unit. The losses of IISCO are due to obsolete technology as well as old plant and machinery resulting in inefficient as well as a high cost of production.

(d) & (e): The Board for Industrial & Financial Reconstruction (BIFR) has approved a rehabilitation plan proposed by the Government for IISCO in November, 2003. The rehabilitation scheme inter alia include grant from Government of India of Rs.185.28 crores for funding Voluntary Retirement Scheme (VRS) of Kulti employees, Guarantee of Government of India for market borrowing to the tune of Rs.354.72 crore for VRS to Bumpur and collieries/mines employees and Guarantee of Government of India and interest subsidy for interest payable in excess of 7% per annum for an amount of Rs.341 crore for capital expenditure schemes to be implemented in IISCO. As per the scheme, the company was expected to start earning cash profit from 2005-06 and the net worth of the company is expected to be positive by 2011-12. However, IISCO could earn a net profit of Rs.27.09 crore during 2003-04, after availing a waiver of Rs.65.84 crores.