

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:401
ANSWERED ON:25.04.2005
FINANCIAL PERFORMANCE OF SAIL
Bose Shri Subrata;Gohain Shri Rajen

Will the Minister of STEEL be pleased to state:

- (a) the details of plants set up by Steel Authority of India Limited (SAIL) in the country, State-wise;
- (b) the profit earned and losses suffered by them during each of the last four years, plant-wise;
- (c) whether the Government has set up an enquiry commission to look into the huge losses incurred by Steel Authority of India Limited (SAIL) in the past;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) the steps taken by the Government during the last three years to make SAIL a profit making industry;
- (f) whether the Government has formulated any policy so that SAIL may not suffer such losses in future; and (g) if so, the details thereof?

Answer

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

(a) to (g) A statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (G) OF THE LOK SABHA STARRED QUESTION NO.401 TO BE ANSWERED ON 25.04.2005 TABLED BY S/SHRI SUBRATA BOSE AND RAJEN GOHAIN, MEMBERS OF PARLIAMENT REGARDING FINANCIAL PERFORMANCE OF SAIL

(a) The State-wise and location-wise details of the steel plants under Steel Authority of India Limited (SAIL) are as under:-

S.No.	Name of the Steel Plant	Location
1.	Bhilai Steel Plant (BSP)	Bhilai, Chhattisgarh
2.	Durgapur Steel Plant (DSP)	Durgapur, West Bengal
3.	Rourkela Steel Plant (RSP)	Rourkela, Orissa
4.	Bokaro Steel Plant (BSL)	Bokaro, Jharkhand
5.	Alloy Steels Plant (ASP)	Durgapur, West Bengal
6.	Salem Steel Plant (SSP)	Salem, Tamil Nadu
7.	Visvesvaraya Iron & Steel Plant (VISP)	Bhadravati, Karnataka

Apart from above, SAIL has two subsidiaries:-

S.No.	Name of the Steel Plant	Location & State
1.	Indian Iron & Steel Company Limited (IISCO)	Burnpur, West Bengal

2. Maharashtra Elektros melt Limited (MEL) Chandrapur, Maharashtra

(b) Plant-wise profit before tax /loss of the company since 2000-01 to 9 M 2004-05 is as follows:-

(Rupees in Crores)

Name of the Steel Plant	2000-01	2001-02	2002-03	2003-04	2004-05 (9 M)
Bhilai Steel Plant	342	477	735	1932	2366
Durgapur Steel Plant	(-) 236	(-) 262	(-) 247	81	475
Rourkela Steel Plant	(-) 445	(-) 1036	(-) 593	(-) 109	554
Bokaro Steel Plant	49	(-) 459	311	1120	2251
Alloy Steels Plant	(-) 184	(-) 149	(-) 180	(-) 172	(-) 51
Salem Steel Plant	(-) 155	(-) 153	(-) 119	2	3
Visvesvaraya Iron & Steel Plant	(-) 68	(-) 103	(-) 136	(-) 82	(-) 37
SAIL	(-) 729	(-) 1707	(-) 316	2629	5739
Indian Iron & Steel Company Limited	(-) 187	(-) 180	(-) 182	27	111
Maharashtra Elektros melt Limited	(-) 18	(-) 8	1	6.50	55

(c) & (d): No, Sir. No enquiry commission has been set-up by the Government because the business performance of SAIL reflects the cyclic nature of the steel business. Overall profits of SAIL, which peaked at Rs.1319 crores in the year 1995-96, started declining from 1996-97 and SAIL suffered losses during 1998-99 to 2001-02 mainly due to slowdown in the economy resulting in stagnation in steel consumption along with declining trend in international steel prices which adversely affected the net sales realization (NSR) in domestic market, oversupply situation in the domestic market, higher manpower cost, etc.

(e) Major steps being taken to improve the profitability of SAIL Plants/Units are as under:-

- Intensive cost control drive.
- Implementation of Voluntary Retirement Scheme (VRS)
- Market oriented product-mix.
- Restriction on fresh investment proposals.
- Financial & Business Restructuring of SAIL was approved by the Government of India in February, 2000 to improve profitability and enhance the resource availability.

(f) & (g): Profitability depends on a number of techno-economic and market factors. SAIL has, however, taken many steps to improve its profitability, such as reduction in manpower, improvement in labour and blast furnace productivity, reduction in energy costs and financial costs.