

29 November, 1999

RAJYA SABHA

(a) whether it is a fact that the combined production of SAIL, VSP and IISCO has been short by 9.7 per cent of target production during the first half of current financial year;

(b) if so, what are the reasons therefor; and

(c) what steps are proposed to be taken for improvement in this direction?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) Production of Saleable steel by Steel Authority of India Limited (SAIL), Indian Iron & Steel Company Ltd. (IISCO) and Rashtriya Ispat Nigam Limited (VSP) during first half of 1999-2000 against targets set by the Companies themselves are as follows:

Unit '000 Tonnes

	April-September		% Fulfilment
	Target	Actual	
SAIL MOU Group (SAIL-4PL, ASP, SSP & VISL)	4710	4685	99
IISCO	121	123	101
SAIL Group (Incl. IISCO)	4831	4808	100
VSP	1069	1078	101

(b) and (c) Do not arise.

#### **Losses Suffered by SAIL**

67. SHRI K.K. BIRLA: Will the Minister of STEEL be pleased to state

(a) whether it is a fact that SAIL, which showed profits in 1995-96 suffered massive losses in 1998-99;

(b) if so, the extent of comparative losses suffered by SAIL since 1995-96, year wise;

(c) what are the reasons attributed to the continuous losses suffered by SAIL; and

(d) what measures have been taken by Government to check the losses and to improve the financial health of SAIL?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) and (b) Steel Authority of India Limited (SAIL) which earned profit in 1995-96 has suffered losses in 1998-99. The year wise position of profit and loss is as under:

Year	Rs. in Crore (Profit after Tax/Net Loss)
1995-96	1319
1996-97	515
1997-98	133
1998-99	(-) 1574

(-) Indicating loss

(c) The main reasons for decline in profit of SAIL are as follows:

- (i) Slow down in demand for steel;
- (ii) Greater competition from imports and enhancement in supplies in domestic markets;
- (iii) Increase in input costs;
- (iv) Higher interest and depreciation cost, because of capitalization of modernisation and other capital schemes, which could not be fully neutralised by better techno-economic parameters, cost reduction measures and increase in price of steel etc; and
- (v) High manpower cost, etc.

(d) Government has been in constant dialogue with SAIL and has been periodically reviewing their performance with a view to increasing their competitiveness and efficiency. Accordingly, to check losses and improve the financial health of SAIL, the Company has drawn up a comprehensive financial and business restructuring plan. The measures outlined in the plan include, inter-alia:

- (i) A reduction in operational costs by reducing input costs, reducing consumption of raw materials and other inputs and by increasing operating efficiencies;
- (ii) Improvement in techno-economic parameters such as fuel and power consumption;

- (iii) Increased recovery for services/facilities;
- (iv) Right sizing manpower through a Voluntary Retirement Scheme (VRS);
- (v) Assets restructuring;
- (vi) Disposal of idle assets; and
- (vii) Financial restructuring.

**Appointment of an industrialist as Director, SAIL**

68. SHRI ABANI ROY: Will the Minister of STEEL be pleased to state:

(a) whether Government have been actively considering to appoint an industrialist as Director of SAIL;

(b) is so, what is his name;

(c) whether Government have received a spate of representations against the back door entry of an industrialist in SAIL who is also a direct competitor of SAIL; and

(d) if so, the reaction of Government to such representations?

THE MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI DILIP RAY): (a) to (d) Ministry of Steel is considering the filling up a vacancy of part-time non-official Director on the Board of Steel Authority of India Limited (SAIL). This vacancy has been created by the demise of Dr. Parvinder Singh, late Chairman of Ranbaxy Ltd.

As per the existing procedure, the Ministry of Steel has requested the Search Committee of the Department of Public Enterprises to send a panel of names for consideration.

**Import of seconds and defective steel items**

69. SHRIMATI KAMLA SINHA: Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that the country is increasingly becoming a dumping ground for the seconds and defective steel items and tin plates with the increase in the percentage of imports of such items and reduction in the floor price for their imports;