LOK SABHA
UNSTARRED QUESTION NO.2507
FOR ANSWER ON 14/12/2015

PERFORMANCE OF SAIL

2507. SHRI VINAYAK BHAURAO RAUT:
SHRI SUDHEER GUPTA:
DR. VIRENDRA KUMAR:
DR. SHRIKANT EKNATH SHINDE:
SHRIMATI KOTHAPALLI GEETHA:

Will the Minister of STEEL be pleased to state:

(a) whether the Steel Authority of India Limited (SAIL) has incurred huge losses in the preceding quarters;
(b) if so, the details thereof and the reasons therefor;
(c) whether the Government proposes to appoint an external consultant for review of SAIL structure;
(d) if so, the details thereof along with the time by which it is likely to be appointed;
(e) whether the Government has taken steps for enhancing value added production, aggressive marketing to retain its market share, better operation management for reducing production cost and bringing down inventory; and
(f) if so, the details thereof and the other steps taken/proposed to be taken by the Government in this regard?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI VISHNU DEO SAI)

(a)&(b): During the first two quarters of 2015-16, SAIL incurred a total loss of Rs.1378 crore. The major reasons for losses are reduction in the Net Sales Realisation of saleable steel, increased expenditure towards royalty on iron ore, volatility in foreign exchange rates and higher incidence of capital related expenses; i.e. interest and depreciation, etc.

(c)&(d): The Ministry of Steel has decided to appoint an external consultant to study the overall working of SAIL with a view to improve its performance.

(e)&(f): SAIL is implementing a major modernisation and expansion programme to increase its production, to eliminate technological obsolescence, to improve energy efficiency and to increase value added products in its product basket. In addition, in order to restore financial health of the company, it has formulated a Turnaround Plan on immediate basis which broadly includes optimizing production and sales volume, product-mix enrichment and increasing production from new facilities, operational efficiency improvement and cost reduction, rationalizing production from relatively inefficient routes, marketing initiatives for improved realization, expenditure control and capital expenditure prioritization.

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