

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.2548
FOR ANSWER ON 08/08/2018

LOSSES FACED BY SAIL

2548. CH. SUKHRAM SINGH YADAV:
SHRI VISHAMBHAR PRASAD NISHAD:

Will the Minister of STEEL be pleased to state:

- (a) whether it is a fact that Steel Authority of India Limited (SAIL) has been facing losses continuously for several years;
- (b) the details of the losses/profits made by SAIL in the last five years;
- (c) the reasons for the increasing difference between the losses and profits of SAIL; and
- (d) the steps taken to reestablish the profit position of SAIL as it was in the past and the effect thereof?

ANSWER

THE MINISTER OF STATE FOR STEEL

(SHRI VISHNU DEO SAI)

(a) During last ten Financial Years (FYs) from 2008-09 to 2017-18, Steel Authority of India Limited (SAIL) has incurred losses in the FYs 2015-16, 2016-17 and 2017-18 only.

(b) The Profit/Loss of SAIL for the last five FYs are as follows:-

(Rs./crore)

S.No.	Financial Year	Profit (+) / Loss (-) Before Tax (PBT)	Net Profit (+) / Loss(-) After Tax (PAT)
1.	2013-14	3225	2616
2.	2014-15	2359	2093
3.	2015-16	-7008	-4021
4.	2016-17	-4851	-2833
5.	2017-18	-759	-482

(c) During the FYs 2014-15 and 2015-16, there had been a surge in imports into India thereby posing a severe challenge to the domestic steel industry in the form of over supplies and predatory pricing by steel surplus countries such as China, Korea, Japan and CIS countries. In addition, SAIL had losses from the FYs 2015-16 till 2017-18 due to the following reasons:-

- Lower Net Sales Realisation of steel products.
- Increase in the imported coal prices, particularly 2016-17 onwards.
- Adverse impact of levy of contribution to District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET).
- Higher usage of imported coal in the blend due to lower availability of indigenous coal.
- Increase in salary & wages.
- Higher interest charges and reduction in interest earning on term deposits.
- Higher depreciation due to capitalisation of new facilities.

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(d) SAIL has taken following steps for improving its financial performance:-

- Reduction in consumption level of raw materials like Coal, Iron Ore, Fluxes, etc. and bringing down cost of raising iron ore & clean coal in mines.
- Production optimization and product-mix improvement.
- Improvement in techno-economic parameters and rationalizing production from relatively inefficient routes of production.
- Identification and closure of uneconomic activities and waste management.
- Strict control on demurrage expense and reduction in the various items of administrative expenses.
- Re-negotiation of prices of long term contracts for cutting down procurement price where deliveries are still pending.
- Reduction in inventory of finished/semi-finished products, stores & spares and raw materials, etc.

All the above steps have resulted in for improving the financial performance of SAIL.
