GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.772
FOR ANSWER ON 08/02/2017

STEPS TO REVIVE GOVERNMENT RUN STEEL PLANTS

772. SHRI MD. NADIMUL HAQUE:

Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that major Government run steel plants are incurring huge losses in last three years, if so, the details thereof;
(b) what steps other than disinvestment are taken to revive the Government run steel plants, the details thereof; and
(c) what new revenue model Government has initiated in last three years to ensure revival of these plants, the details thereof?

ANSWER
THE MINISTER OF STATE FOR STEEL (SHRI VISHNU DEO SAI)

(a) The plant-wise financial performance of the two Central Public Sector Enterprises (CPSEs), namely Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) during last three years are as under:

Performance of Steel Plants/units of SAIL (Profit/Loss (-) Before Tax):

(Rs. in crore)

Plant /Unit	2013-14	2014-15	2015-16
Bhilai Steel Plant	2085	2232	405
Durgapur Steel Plant	416	506	(-)527
Rourkela Steel Plant	212	232	(-)2524
Bokaro Steel Plant	202	451	(-)2203
IISCO Steel Plant	(-)653	(-)1072	(-)1939
Alloy Steel Plant	(-)93	(-)134	(-)83
Salem Steel Plant	(-)376	(-)355	(-)466
Visveswaraya Iron & Steel Plant	(-)123	(-)97	(-)116
SAIL Refractory Unit	3	7	21
Chandrapur Ferro Alloy Plant	(-)78	(-)45	(-)78
Raw Material Division/Central Units	1628	634	310
SAIL Profit (+)/Loss (-) Before Tax	3225	2359	(-)7198
Tax	608	266	3061
Overall Financial Performance of SAIL {Profit/Loss (-) After Tax}	2616	2093	(-)4137

Financial Performance of RINL (Profit/Loss(-) After Tax):

(Rs. in Crore)

Years	2013-14	2014-15	2015-16
Profit After Tax (PAT)	367	62	(-) 1421

Contd……..2/-

(b)& (c): The Government has taken the following steps to revive the steel sector, in general and these steel plants in particular, in view of the global excess capacity and falling profitability in steel sector:

i) To provide level playing field to the domestic steel producers, Government has extended Minimum Import Price (MIP) on 19 steel products till 4th February, 2017 vide DGFT Notification No. 31/2015-2020 dated 03.12.2016.

ii) For reducing the stress in the steel sector, RBI has extended 5:25 scheme in July, 2015, whereby longer amortization period for loans to projects in infrastructure and core industries sectors, say 25 years, based on the economic life or concession period of the project, with periodic re-financing, say every 5 years, is allowed.

iii) The Government has launched the 'Make-in-India' initiative to focus on manufacturing and infrastructure, which will help in promoting the demand and consumption of steel in the country.

iv) Increase the peak rate of Basic Customs Duty on both flat and non-flat steel to 15% from 10% in the union Budget 2015-16.

v) Increased the import duty on ingots & billets, alloy steel (flat & long), stainless steel (long) and non-alloy long products to 7.5% (from 5%) and non-alloy and other alloy flat products to 10% (from 7.5%). This has been further revised in August, 2015. Currently, import duty on flat steel is applicable at 12.5%, on long steel products at 10% and on semi-finished steel products at 10%.

vi) Levied the Anti-Dumping Duty for five years on imports of certain variety of hot-rolled flat products of stainless steel from China ($ 309 per tonne), Korea ($ 180 per tonne) and Malaysia ($ 316 per tonne).

vii) Imposed the Safeguard Duty of 20% in March, 2016 on hot-rolled flat products of non-alloy steel, in coils of width of 600 mm or more.

viii) Both the steel making CPSEs, namely, SAIL and RINL have undertaken expansion and modernization of their steel plants to increase production of steel and to reduce cost of production.

ix) Revenue model adopted by the CPSEs to improve profitability have the following components :

a) Production optimization and product-mix improvement.
b) Operational efficiency improvement and cost reduction.
c) Improvement in techno-economic parameters.
d) Rationalizing production from relatively inefficient routes.
e) Reduction in inventories.
f) Sale of low grade fines, slimes, tailings etc., from RMD mines.
g) Improved labour productivity.

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