

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:2097
ANSWERED ON:08.03.2000
VISAKHAPATNAM STEEL PLANT
CHELLAMELLA SUGUNA KUMARI;M. JAGANNATH;M.V.V.S MURTHI

Will the Minister of STEEL be pleased to state:

- (a) Whether the Visakhapatnam Steel Plant of SAIL is at the verge of closure;
- (b) If so, the facts thereof alongwith the reasons therefor;
- (c) the details of revival package;
- (d) whether the Government have recently sanctioned financial package for Steel Authority of India;
- (e) if so, the details thereof and the amount out of the sanctioned package proposed to be utilised by SAIL for revival of VSP; and
- (f) the steps taken to prevent its reference to Board for Industrial Finance and Reconstruction?

Answer

MINISTER OF STATE FOR STEEL (SHRI DILIP RAY)

(a) Visakhapatnam Steel Plant (VSP) is not under SAIL but under Rashtriya Ispat Nigam Ltd.(RINL) and it is not on the verge of closure.

(b) Do not arise.

(c) to (f): Visakhapatnam Steel Plant (VSP) had submitted a comprehensive turn around proposal for its revival which inter-alia included writing off of losses. The Disinvestment Commission has recommended writing off of the entire accumulated losses of the company i.e as on 31.3.1999 Rs.4065.30 crores alongwith disinvestment of not less than 51% of its remaining equity in RINL to a strategic buyer. Based on the recommendations of the Disinvestment Commission, Government has taken up the matter and it is presently under inter-ministerial consultations. No final decision has yet been taken.

The details of the financial package sanctioned to SAIL are at Annexure. As VSP is not under SAIL, the financial package sanctioned for SAIL cannot be used for VSP.

ANNEXURE

DETAILS OF FINANCIAL PACKAGE SANCTIONED TO STEEL AUTHORITY OF INDIA(SAIL)

- 1) Financial Restructuring of SAIL by waiving of loans advanced to it from Steel Development Fund to a value of Rs.5073 crore and Rs.381 crore from the Govt. of India.
- 2) Provision of Government guarantees with 50% interest subsidy for loan and interest thereon of Rs.1500 crore to be raised by SAIL from the market to finance reduction in manpower through Voluntary Retirement Scheme.
- 3) Provision of Government guarantee for loan and interest thereon of Rs.1500 crore including Rs.500 crore to be raised by SAIL from the market primarily for meeting repayment obligation on past loans during 1999-2000.
- 4) To initiate the process of divestment of following non-core assets while protecting jobs of existing employees.
Power Plants at Bokaro, Durgapur and Rourkela
2x60 MW Captive Power Plant - II at Rourkela Steel Plant and the Central Power Training Institute at Rourkela.
2x50 MW Captive Power Plant - II at Durgapur Steel Plant
22 MW (2x55 MW + 12 MW back pressure turbine) Captive Power Plant - I, 3x60 MW Captive Power Plant - II and steam generating capacity of 660 MT/hour at Bokaro Steel Plant
Oxygen Plant - II of Bhilai Steel Plant
Salem Steel Plant (SSP), Salem Alloy Steels Plant (ASP), Durgapur
Visvesvaraya Iron & Steel Plant (VISL), Bhadravati Fertiliser Plant at Rourkela
- 5) Allowing SAIL to have a minority shareholding in any joint venture contemplated for revival of Indian Iron and Steel Company (IISCO).