

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:438

ANSWERED ON:17.07.2002

HUGE LOSSES IN SAIL

BODAKUNTI VENKATESHWARLU; DUMPA MARY VIJAYAKUMARI; GADDAM GANGA REDDY; GOWDAR MALLIKARJUNAPPA

Will the Minister of STEEL be pleased to state:

- (a) whether it is a fact that the Steel Authority of India Limited has suffered a whopping loss of Rs.1,707 crore during the year ended March, 2002;
- (b) if so, whether it is also a fact that this was more than double of previous year's figure of Rs.729 crore;
- (c) if so, the main reasons for the loss; and
- (d) what steps the Government proposes to take to help the Steel Authority of India Limited to overcome this loss?

Answer

MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a)&(b): Yes, Sir/Madam.

(c) The main reasons for losses incurred by SAIL are:

- Stagnation in steel consumption due to slowdown in the economy;
- Low sales realization.
- Sluggish exports due to protectionist policies of various countries;
- High capital investment in the modernization projects leading to increased expenditures on interest and depreciation; and
- High manpower costs.

(d) Government of India had approved a financial cum business restructuring package for SAIL in February, 2000. SAIL is currently undertaking the following steps to improve its performance:

- Intensive cost control drive which envisages improvement of yield, reduction in consumption of coking coal and other raw material, reduction in consumption of power and fuel, reduction in consumption of stores and spares, improvement in other key techno-economic parameters, etc.
- Implementation of Voluntary Retirement Scheme (VRS).
- Market oriented product-mix, increasing sales network and more focus on customer satisfaction etc.
- Quality improvement to meet customer requirements and schemes relating to statutory requirement like safety, environment etc.
- Restriction on fresh investment proposals except ongoing schemes.