

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:3776

ANSWERED ON:17.04.2008

JOINT VENTURE AGREEMENT BETWEEN SAIL AND TATA STEEL

Sai Shri Nand Kumar

Will the Minister of STEEL be pleased to state:

(a) whether the Steel Authority of India Limited and Tata Steel have signed a joint venture agreement on mining of coal as reported in the `Hindustan Times` dated January 04, 2008;

(b) if so, the facts and the details thereof;

(c) the details of terms and conditions of the said agreement; and

(d) the estimated expenditure likely to be incurred in each of such projects by SAIL?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA)

(a)&(b): Yes, Sir. Steel Authority of India Limited (SAIL) and Tata Steel have signed a Joint Venture Agreement for mining of coal on 3rd January, 2008.

(c) Major terms and conditions of the said Agreement are given below:

i) Shareholding - SAIL : Tata Steel :: 50 : 50

ii) Initial authorized capital : Rs. 2 Crores (Rs. 1 Crore from each partner). However, initial paid-up capital would be Rs.5 Lakhs only (Rs. 2.5 Lakhs from each partner).

iii) Board of Joint Venture Company will have 6 Directors. Chairman will be from among the three nominated Directors of SAIL and Managing Director will be from among the three nominated Directors of Tata Steel. In addition, Chief Financial Officer shall be appointed by SAIL.

(d) As mentioned above, each partner will initially contribute Rs. One Crore to establish the proposed Joint Venture Company. Initially four medium coking coal blocks in Central Coalfields Limited (CCL) command area have been identified for development subject to allocation of the same by the Government. On allocation of coal blocks, likely capital expenditure will be estimated and necessary finances will be raised by the Joint Venture Company / Partners to undertake development of the mine.