

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:6023
ANSWERED ON:14.05.2012
JV FOR CEMENT PRODUCTION
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Will the Minister of STEEL be pleased to state:

- (a) whether the Steel Authority of India Limited (SAIL) has set up cement plants as a joint venture with a private company for utilisation of industrial slag produced from its plants;
- (b) if so, the details thereof alongwith the targets fixed for cement production by each plant and the actual production, plant-wise;
- (c) whether the joint venture for cement production is not doing well and SAIL is facing losses by this contract;
- (d) if so, the reasons therefor and the details of the total investments made by SAIL and the private company and profits earned thereon during each of the last three years, plant-wise;
- (e) whether there has been instances of irregularities in the form of selling of industrial slag supplied to these plants being sold in the open markets; and
- (f) if so, the details thereof and the action taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI BENI PRASAD VERMA)

(a)&(b): The Steel Authority of India Ltd. (SAIL) has entered into Joint Venture agreements with M/s. Jaiprakash Associates Ltd. (JAL) for setting up of the following cement plants using blast furnace slag from Bhilai Steel Plant (BSP) and Bokaro Steel Plant (BSL). The details of production targets and actual production is given below:

(in Million Tonnes)

Company's Name	Production Target	Actual Production
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	2010-11	2011-12	2010-11	2011-12
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Bhilai Jaypee Cements Ltd. (BJCL)	1.8	2.0	0.71	1.50
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Bokaro Jaypee Cements Ltd. (BoJCL)	-	1.16	0.70	
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Commissioned in June, 2010.

##Production commenced in July, 2011

(c)&(d): In case of BJCL, the company has not made any profits in the two financial years of its operations. In case of BoJCL, 2011-12 is the first year of operation.

In the said Joint Ventures, the projects have been funded in debt equity ratio of 70:30. Equity share of SAIL is 26% and that of JAL is 74%. The project cost in respect of BJCL and BoJCL were envisaged as Rs.673.20 crore and Rs.445.50 crore respectively. As per the equity pattern of the Joint Venture Company, SAIL and JAL have made contribution of Rs.52.51 crore and 149.45 crore respectively for BJCL and Rs.34.75 crore and Rs.98.90 crore respectively for BoJCL.

Both BJCL and BoJCL have indicated that lower availability of slag from BSP and BSL are impacting production of cement. Also, new market conditions and stabilization of the system resulted in the shortfall in the achievement of the target.

(e) SAIL has not reported irregularities in the form of selling of slag in open market.

(f) Does not arise.