

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

STARRED QUESTION NO:94

ANSWERED ON:12.08.2013

NATIONAL STEEL POLICY .

Ahir Shri Hansraj Gangaram; Roy Shri Nripendra Nath

Will the Minister of STEEL be pleased to state:

(a) whether the Government has fixed any target in the new National Steel Policy for the growth in the indigenous production of steel during the coming years;

(b) if so, the details thereof;

(c) whether the Government has formulated/proposes to formulate any action plan to invest heavily in the steel sector to meet the additional demand and achieve the production target and if so, the details thereof along with the initiatives being taken by the Government in this regard;

(d) whether some of the units of the Steel Authority of India Limited are incurring huge losses despite continuous support from the Government and if so, the reasons therefor; and

(e) the steps taken/proposed to be taken by the Government to revive these units and for the expansion programme for the other existing units during the coming years?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a)to(e): A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (E) OF THE LOK SABHA STARRED QUESTION NO.94 FOR ANSWER ON 12/08/2013 TABLED BY SHRI NRIPENDRA NATH ROY AND SHRI HANSRAJ G. AHIR, MEMBERS OF PARLIAMENT REGARDING NATIONAL STEEL POLICY.

(a)&(b): The new National Steel Policy is still under consideration of the Government and has not been finalized. The National Steel Policy 2005 provides for various measures to promote the growth of the steel industry including the following:

(i) Prepare and implement an action plan for achieving the strategic goal of 110 MT of steel production by 2019-20, with separate plans for the growth of flat and long products.

(ii) Prepare and implement road maps for technological and productivity improvements benchmarking them to global standards.

(iii) Monitor the implementation of the National Steel Policy.

(iv) Conduct reviews to remove infrastructural, procedural and institutional bottlenecks and to achieve policy coordination among central Ministries and State Governments.

(c) In the current policy space, the role of the Government is limited to facilitating the efforts of private and Public Sector Undertakings towards investment and growth. The projections for steel production of National Steel Policy 2005 were 110 MT by the year 2019-20 based on 7.3% Compounded Annual Growth Rate (CAGR). The projections for the new National Steel Policy are yet to be finalized.

(d) Steel Authority of India Limited (SAIL) is a profit making Public Sector Undertaking and Profit After Tax during FY 2011-12 and 2012-13 was Rs.3543 crore and Rs.2170 crore respectively. Details of Plant-wise profit/loss of SAIL for the period 2011-12 and 2012-13 are as under:

in Crores)

Plant / Unit	2011-12	2012-13
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Bhilai Steel Plant (BSP)	2715	2048
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Durgapur Steel Plant (DSP)	503	553
Rourkela Steel Plant (RSP)	646	363
Bokaro Steel Plant (BSL)	703	308
IISCO Steel Plant (ISP)	-411	-159
Alloy Steel Plant (ASP)	-53	-120
Salem Steel Plant (SSP)	-155	-420
Visvesvaraya Iron & Steel Plant (VISL)	-131	-117
SAIL Refractory Unit (SRU)	11	10
Chandrapur Ferro Alloy Plant (CFP)	10	-39
Raw Materials Division (RMD)/Central Units	1313	813
SAIL (Profit Before Tax)	5151	3241
Tax	1608	1070
SAIL (Profit After Tax)	3543	2170

No budgetary support is being given by the Government to SAIL. Major reasons for lower profits or losses are as under:

- (i) Sharp decline in prices of steel products.
- (ii) Old and outdated technology and equipments at ISP, ASP & VISL.
- (iii) Over capacity and adverse market conditions particularly in Alloy & Stainless Steel.
- (iv) Increase in price of major inputs like coal, railway freight, power & fuel, manganese ore & royalty on minerals etc.
- (v) High fixed cost of operations of loss making plants like ISP, ASP, SSP, VISL & CFP.
- (vi) Sharp depreciation in value of Rupee.
- (vii) Impact of capitalization of modernized facilities at SSP.

(e) SAIL has undertaken Modernization & Expansion Plan at its five integrated steel plants at Bhilai, Bokaro, Rourkela, Durgapur & Burnpur and special steel plant at Salem to enhance its crude steel production capacity from 12.8 Mtpa to 21.4 Mtpa in the current phase. The indicative investment for current Phase of Modernization & Expansion is Rs.61,870 crore. Besides, a provision of Rs.10,264 crore has been made towards investment in existing mines under Raw Materials Division (RMD) and development of Rowghat Mine.