

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:2950
ANSWERED ON:10.02.2014
PERFORMANCE OF STEEL SECTOR
Sugavanam Shri E.G.;Verma Shri Sajjan Singh

Will the Minister of STEEL be pleased to state:

- (a) whether the public sector steel companies are facing stiff competition from the global steel manufacturing companies and if so, the steps being taken by the Government to enable the steel companies to face the challenge;
- (b) whether the financial performance of the public sector steel companies has improved during the last three years and the current year;
- (c) if so, the details thereof and if not, the reasons therefor including the details of the companies which have been able to earn profits and which have accrued losses during the said period;
- (d) whether the operational costs and input costs for the steel companies have increased during the said period and if so, the details thereof along with the steps being taken by the Government to reduce the operation costs; and
- (e) whether the Bhilai steel plant is facing the threat of closure due to inadequate security for its mining projects and if so, the corrective measures being taken by the Government in this regard?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a) There are two public sector steel manufacturing companies in the country, namely, Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL). Both are facing some competition mainly due to new capacity addition both in India and countries like China, Brazil and several other countries and also due to low import duties on steel products.

In order to counter market competition in the steel sector, Government has imposed export duty on export of iron ore and pellets. Besides, SAIL and RINL are implementing latest state-of-the-art technologies like coke dry quenching facilities in new coke ovens, high volume new blast furnaces with top-gas-pressure recovery turbines, auxiliary fuel injection like coal dust injection & cast house slag granulation plants, new modernized steel melting shops with latest steel making, refining and casting technology, coupled pickling and tandem mill for cold rolled products, rail welding plant for longer rails etc.

(b)&(c): Both SAIL and RINL are profit making Central Public Sector Enterprises (CPSEs). The Profit After Tax (PAT) of these CPSEs during the last three years and the current year is as under:-

(Rupees in crore)

Sl.No.	Name of the CPSE	2010-11	2011-12	2012-13	2013-14
		(April-Sept'13)			
1.	SAIL	4904.74	3542.72	2170.30	1631
2.	RINL	658.49	751.46	352.80	186

The profits of SAIL and RINL have declined mainly due to adverse impact of higher usage of external inputs like Blast Furnace coke, pellets and furnace oil, lower sales volume, lower interest income on deposits, increase in power cost, increase in Railway freight, increase in excise duty, depreciation of Rupee vs. United States Dollar and decline in sales realization.

(d) There has been substantial hike in the operating costs and input costs of SAIL and RINL. The details of their operating cost and input cost for the last three years and current year (April'13 to September, 2013) is as under:-

(Rupees in crore)

Sl.No.	Name of the CPSE	2010-11	2011-12	2012-13	2013-14
		(April-Sept'13)			
1.	SAIL	39032	43910	44150	21465
2.	RINL	31961	37452	37857	32698

To reduce the cost of production and to improve the profitability, both the companies have been advised to focus on operating as well

as on non-operating areas and for improvement in production, sales, product-mix and value added product, techno-economic parameters.

(e) No, Madam.