GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.1276
FOR ANSWER ON 21/09/2020

DISINVESTMENT OF SAIL UNITS

1276. SHRI SAMBHAJI CHHATRAPATI:

Will the Minister of STEEL be pleased to state:

(a)   whether Government has not yet found good buyers for Steel Authority of India Limited (SAIL) Units in West Bengal, Tamil Nadu and Karnataka despite the extension of the last date of submission of bids thrice;
(b)   whether Government has undertaken any serious review of the functioning of these units which are presently loss-making;
(c)   what are the major problems due to which these units are suffering; and
(d)   the reasons due to which SAIL is not interested in upgradation of these units?

ANSWER
THE MINISTER OF STEEL   (SHRI DHARMENDRA PRADHAN)

(a)   The Government has taken a decision for Strategic Disinvestment of Alloy Steel Plant, Durgapur, West Bengal; Salem Steel Plant, Salem, Tamilnadu and Visvesvaraya Iron & Steel Plant, Bhadravathi, Karnataka; units of Steel Authority of India Limited, to strategic buyer identified through two stage auction process. The Expression of Interest (EoI) from prospective interested bidders have since been received in respect of Salem Steel Plant and Visvesvaraya Iron & Steel Plant.

(b)   Yes, Sir. The production and performance of various Steel Plants of SAIL including these units has been reviewed from time to time.

(c)   The SAIL units which have been identified for disinvestment have been making continuous losses on account of:-

- Higher logistic cost of input raw materials.
- Higher cost/volatility in prices of inputs like power/scrap/alloying elements etc.
- Agile competition with respect to prices.
- Higher interest and depreciation cost.
- Overcapacity and cheap imports.

(d)   SAIL has completed Modernization & Expansion Plan (MEP) of Salem Steel Plant at a cost of Rs.2,371 Crore to produce 180,000 Tonnes Per Annum (TPA) of stainless steel slabs. SAIL has also invested in overall growth and profitability of Visvesvaraya Iron & Steel Plant and Alloy Steel Plant from time to time.

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