LOK SABHA
UNSTARRED QUESTION NO.5619
FOR ANSWER ON 02/04/2018

PAY REVISION IN STEEL PSUs

5619. SHRI BALABHADRA MAJHI:
SHRI FAGGAN SINGH KULASTE:

Will the Minister of STEEL be pleased to state:

(a) whether the Government has taken any initiative to implement the second and third pay revisions in the steel Public Sector Undertakings (PSUs) keeping in mind the specific conditions of their financial performance during the year 2015-16;

(b) if so, the details thereof along with steps taken by the Government for granting relaxation to the provisions of affordability clause of the DPE OM dated 03.08.2017 in case of SAIL and RINL, PSU-wise;

(c) if not, the reasons therefor;

(d) whether the financial performance of Indian steel companies have been badly affected due to unexpected increase in the prices of coal at International level; and

(e) if so, the details thereof during the last three years and the corrective steps taken in this regard?

ANSWER

THE MINISTER OF STATE FOR STEEL (SHRI VISHNU DEO SAI)

(a) There are two steel manufacturing Central Public Sector Enterprises (CPSEs) in the country namely Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL). Pay revision effective from 01.01.2007 based on the 2nd Pay Revision Committee Report has been implemented in SAIL and RINL. However, pay revision effective from 01.01.2017 based on the 3rd Pay Revision Committee Report has not been implemented in SAIL and RINL in view of the provisions of the affordability clause in DPE Guidelines dated 03.08.2017.

(b)&(c): Government has not issued any guidelines for relaxation to the provisions of the affordability clause for steel sector CPSEs. Affordability clause stated in DPE guidelines is applicable across all the CPSEs.

(d)&(e): The cost of production of steel and in turn the financial performance of steel CPSEs is dependent on price of various inputs such as power, labour, plant efficiency, logistics apart from iron ore and coking coal. The average procurement price of coking coal has increased from USD 85 per tonne (approx) in 2015-16 to USD 188 per tonne (approx) in 2017-18. As the cost of coking coal and iron ore constitute more than 50% of total cost, the increase had serious impact on the financial performance of the steel CPSEs. In order to increase competitiveness and getting advantage of prices, new suppliers have been added to the existing Long Term suppliers. Steel CPSEs are also increasing the usage of indigenous coking coal in the blend.

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