

Govt. sets up expert panel to revive SAIL



The Indian government has set up an expert panel to help revive its loss-making state steel maker after a government review found the company to be far less efficient than its rivals despite spending more than \$10 billion in the past eight years.

The panel, comprising top officials of various government ministries and SAIL, met for the first time this week and will be helped by Boston Consulting Group in coming up with a revival plan for the company.

They will set quarterly, six-monthly and yearly targets for SAIL, according to the memo. Two government sources said Steel Minister Chaudhary Birender Singh wants a plan for SAIL and smaller state

steel company RINL in 15 days. He is worried by what he called SAIL's unsatisfactory output performance, has asked the panel to recommend a timeline for ramping up capacity at a quick pace, to find ways to lower production costs and to improve branding and marketing.

Singh's office told the committee this week that "The terms of the reference of the committee will include chalking out a revival plan for turning around loss-making (companies) of the Ministry of Steel to profit-making companies in 2017/18."

A review document, containing previously undisclosed data and seen by Reuters, criticises Steel Authority of India for everything from the use of low-quality raw materials to outdated technology,

suggesting that its problems were not simply the result of cheap Chinese steel imports. SAIL, which has been overtaken by JSW Steel as India's biggest producer, has posted seven straight quarterly losses, and Reuters reported that it was at risk of losing business from its biggest client.

The Reuter report added "SAIL fares poorly when compared to international efficiency standards and those of private Indian companies such as JSW and Tata Steel in blast furnace productivity, raw material consumption and energy usage, according to the review document. For example, SAIL's average daily blast furnace productivity of 1.58 tons per cubic meter last fiscal year ended March was 40 percent lower than that of JSW.

SAIL said the metric improved 7 percent between April and December last year. Its use of coke was also higher than private peers and global standards. April-December coke use came down 3 percent from a year ago. Its use of pulverized coal injection technology was the lowest compared to JSW and Tata in 2015/16.

Chinese Media terms India's stance Protectionist

An opinion piece in a Chinese state-run media outlet panned India's "protectionist stance" towards Chinese investment in revamping the country's railways, including the development of a high-speed rail network.

The Global Times op-ed cites a Reuters report which revealed that the Indian government has given companies in India's private sector access to purchases rails because the state-owned Steel Authority of India failed to meet rail-track production targets.

While the article says this move toward the private sector is laudable, what is short-sighted is New Delhi's protectionist policy against Chinese steel imports and would prove to be a hindrance in the long-term

It said that "It would also be sensible for the Indian government to consider giving up on its protectionist mentality that is often seen in the use of trade remedies on steel imports from China for there to be a sufficient and reliable supply of rails for the modernization."

Raising the issue of India imposing anti-dumping duties on certain Chinese steel products for six months, China called it another trade barrier which would inhibit the country's rail



network from developing efficiently.

The article said that "India has stayed vigilant against China and has chosen Japan as a partner for the country's first high-speed railway project which is expected to commence in 2018. However this doesn't mean that it is in India's best interest to bar China from entering into partnerships on other bullet train projects.

"It needs to be pointed out that India actually needs China more than China needs India in the arena of steel rail manufacturing and train technology."