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Respected Prime Minister,

I write this letter to draw your attention to the plight of thousands of people in Bhadravati, Karnataka, who face an uncertain future due to the decision of the Steel Authority of India Limited (SAIL) to convert the iconic Visvesvaraya Iron and Steel Limited (VISL) into a joint venture (JV) with a private player.

I have received petitions from residents of Bhadravati who fear for their future and apprehend that the decision to form a JV is one step closer to privatisation. Until a year ago, SAIL's top leadership talked of technological upgradation and financial support to modernize VISL. It is, therefore, unclear as to what has changed since for SAIL to now issue expression of interest and seek a JV partner.

As you may be aware, VISL, set up by Sir M. Visvesvaraya, Bharat Ratna, began steel production in 1923 and supplied alloy steel to important sectors like defence and aviation. It is an important symbol of Karnataka's history and industrialization, and an integral part of Karnataka's regional economy.

Despite its promise, the modernization plan announced by SAIL in 1989 - after its takeover of VISL - was never implemented. This failure to implement the promised modernization plan deprived VISL of funds over the years, and in 2004, the lease period of its captive mine in Kemmamgundi ended. In the last nine years, VISL has failed to get a captive mine, despite assurances by both central and state governments. It is indeed a matter of great disappointment that the company which was formally brought in as a subsidiary of SAIL by the then Prime Minister, Shri Rajiv Gandhi, on August 18, 1989, has reached this stage.

It is clear that the government's approach towards Public Sector Units (PSUs) is flawed where a PSU is pushed to the brink and then given an extreme choice of either being bailed out using taxpayer / public funds, or shut down. The Government must have a clear-cut roadmap for growth and value creation for PSUs such as VISL. All such PSUs play a role in supporting local communities where they are located and must be treated as taxpayers'



equity. The current reactive start-stop approach puts at risk the thousands of crores of taxpayer funds that have already been invested. Given the important role that these PSUs play in these communities where local citizenry and people depend upon them for their livelihoods, any decision regarding PSUs should be measured, well thought through and taken after considering all factors.

I urge the Government of India to immediately clear the proposal sent by the Karnataka Government allotting 243 acres mining site for VISL. The Government of India, Union Steel Ministry and SAIL must withdraw any plan to privatize VISL, make serious efforts to rejuvenate VISL through capital infusion and modernization, and take the necessary steps to make VISL a part of SAIL's Rs 60,000 crore modernisation programme.

Yours sincerely,

RAJEEV CHANDRASEKHAR

Dr. Manmohan Singh
Hon'ble Prime Minister
Government of India
New Delhi