

बेनी प्रसाद वर्मा
BENI PRASAD VERMA



इस्पात मंत्री
भारत सरकार
उद्योग भवन,
नई दिल्ली-110107
MINISTER OF STEEL
GOVERNMENT OF INDIA
UDYOG BHAWAN
NEW DELHI-110107

D.O. No.8(68)/2013-SAIL(RS)/⁶²⁶¹/₅₀₁₈

117 FEB 2014

Dear Shri Chandrasekhar ji,

Kindly refer to your letter dated 28.11.2013 regarding withdrawal of the plan for privatization of Visvesvaraya Iron & Steel Plant (VISP), Bhadravathi through Joint Venture.

2. I have had the matter examined through Steel Authority of India Limited (SAIL). VISP, Bhadravathi became subsidiary of SAIL in 1989 and merged with SAIL in 1998. Since then SAIL has been making sincere efforts towards improving VISP's performance through capital investment, trained manpower and technology. SAIL has also undertaken a number of major capital investment initiatives to improve the performance of VISP which included setting up of 530 cu.m. Blast Furnace in 1995, installation of 1,25,000 tpa capacity Bloom Caster in Steel Melting Shop in 2007 and a 30 T reheating Furnace for Primary Mill. The Blast furnace was installed to enhance production of hot metal with supply of iron ore from VISP's captive iron ore mine at Kemangundi. However, due to Court orders the mines had to stop operation in 2004. Since then, non-availability of iron ore from captive sources has been one of the major reasons behind the current poor financial performance of VISP.

3. As a result of vigorous efforts made by this Ministry/SAIL to acquire captive iron ore mine for VISP, Ministry of Mines, Government of India vide their notification dated 21.10.2011 had reserved an area of 140 hectares in NEB range at Joga Village, Bellary Distt. for a period of 20 years for undertaking prospecting or mining operation. However, subsequent to a survey by Government of Karnataka, the said area was changed to 126.95 hectares and the same was further reduced to 88.26 hectares. Out of above, only about 38 hectares is mineralized which is inadequate to meet the iron ore requirements of VISP. We appreciate that Government of Karnataka has decided to re-survey the areas applied for by VISP and is also considering to provide more areas of mining to VISP. This initiative is a welcome step and will aid in improving VISP's performance. Apart from development of a captive iron ore mine, VISP requires further infusion of capital for modernization and for production of high quality alloy steel, which could be used in automobile, defence, railways etc.

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4. I can assure you that SAIL will ensure that the interests of VISP and its employees are always taken care of and steps taken by SAIL would result in betterment of VISP which, in turn, would result in progress of Bhadravathi and the surrounding areas.

5. I hope, that with your efforts, the iron ore mining area reserved for VISP in NEB Range, Bellary by Ministry of Mines, Government of India is allotted to VISP/SAIL with sufficient reserves for meeting the iron ore requirement of VISP.

I look forward to your continued support and guidance.

With regards,

Yours sincerely,



(Beni Prasad Verma)

Shri Rajeev Chandrasekhar,
Member of Parliament (Rajya Sabha),
211, North Avenue,
New Delhi-110001.