

PRESS RELEASE

Text of the D.O. letter dated 26.4.2017 by Thiru Edappadi K. Palaniswami, Hon'ble Chief Minister of Tamil Nadu to Shri Narendra Modi, Hon'ble Prime Minister of India, New Delhi.

"I write to bring to your kind attention that there have been recent media reports indicating that the Government of India is considering the privatization of the Salem Steel Plant, Tamil Nadu, amongst some other steel plants elsewhere in the country. It is reported that the privatization is being proposed to strengthen the balance sheet of Steel Authority of India Limited (SAIL).

Salem Steel Plant has acquired a global reputation for its high quality steel and is an iconic symbol for the State and the people of Tamil Nadu have a deep sense of pride and attachment to this Public Sector Plant. People of Tamil Nadu over the years have struck a close chord with the larger Central PSUs located in the State including the Neyveli Lignite Corporation, Bharat Heavy Electricals Ltd., and the Integral Coach Factory. Proposals to disinvest or privatize any of these CPSUs arouses discontent amongst the people of the State.

In the case of the Salem Steel Plant, the Government of Tamil Nadu had acquired about 15.5 sq.km. of land in 9 villages more than four decades ago in the foot hills of Kanjamalai, Salem District. It was possible to undertake such extensive land acquisition mainly because of the Public Sector character of the plant. Today, any proposal to privatize the Salem Steel Plant would cause considerable unrest amongst the people, particularly amongst those whose lands were acquired. Land is perhaps the most valuable and sought after asset in the possession of Salem Steel Plant today. Further, Salem Steel Plant provides employment to about 2000 persons and many ancillary and subsidiary units also depend on it.

Further, the State Government has supported the expansion project costing Rs.2005 crores of the Salem Steel Plant with a **structured package of incentives** in the form of Soft loan, Capital Subsidy, Electricity Tax Exemption and Environmental Protection Subsidy. In 2015, the Government of Tamil Nadu granted an extension of one year from 1.11.2010 to 31.10.2011 to enable Salem Steel Plant to complete its expansion activities and avail the incentive package.

Given the above context, where the establishment and subsequent expansion of the Salem Steel Plant have received so much support from the people and Government of Tamil Nadu, primarily on account of its public sector character, the recent news of the proposed privatization of the Plant

by the Government of India has caused lot of apprehension and dismay amongst the people of the State.

It has always been our belief that the Public Sector Undertakings are capable of performing very well provided they are given the right support and direction in the dynamic economic scenario. The causes for the Company's recent losses must be studied and Salem Steel Plant must be given a chance to improve its efficiency and make a turn around. If that is done, I expect that Salem Steel Plant will swiftly transform once again into a profit making Company.

I therefore request you to kindly intervene in the matter urgently and advise the Ministry of Steel and the Steel Authority of India Ltd to reconsider any proposal that they may have of privatizing the Salem Steel Plant."

Issued by: Director, Information and Public Relations, Chennai-9.
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