

ROLE OF FINANCIAL MANAGEMENT IN STEEL AUTHORITY OF INDIA LIMITED (SAIL): A STUDY

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ABSTRACT

The steel industries have undergone a technological revolution in the last four decades. In a comparatively short period of time, the steel industry has witnessed the almost complete disappearance of some old technologies and the widespread adoption of new, innovative, cost-effective, state-of-the-art technologies. These technological advances pose major challenges at every stage of implementation. A traditional step-by-step approach indicates a continuum of completed steps. The aim of this article is to understand and explore the role of financial management in the public sector financial sector with a special reference to the Steel Authority of India Limited. SAIL is the largest steel maker in India and one of the tenMaharatna of the country's central public sector enterprises. The contribution of the study is that it will help professionals, scholars, students and general readers to understand the role and limitations of financial management in SAIL.

KEYWORDS: *Financial Management, Cost Effective, Technological Revolution, TenMaharatna.*

Introduction

Nowadays, steel is well thought-out as the mainstay of the Indian economy and has gained a dominant position in the socio-economic development of the country. The Indian steel industry is entering a new era of growth since 2007-08, driven by economic stability and strong demand for steel. India has become the fourth largest producer of crude steel and the largest producer of sponge iron in the world as a result of rapid increase in production. The Indian steel industry has achieved significant milestones in terms of capacity, production and growth in exports to become a major player in the global steel industry between FY 2008 and FY 2013. Increased to a composite annual growth rate (CAGR). About 7%. Today, in addition to becoming the third largest global crude steel producer compared to the eighth position ten years ago, India also holds a prominent position in the world in the manufacture of sponge iron. India is expected to become the second largest steel producer by 2020. The country is expected to have a steel production capacity of about 110 million tonnes by 2019-20.

While this is true, the problems in the Indian steel industry cannot be ignored as they are now affecting speed and prospects as well. Progress on greenfield expansion financials has stalled due to difficulties in land acquisition, environmental clearance and iron and coal allotment. Brownfield expansion plans are doing relatively well and will certainly take the industry further to some extent. But as everyone knows, there is a limit to this expansion mode and there may be saturation soon. Consumer industries, auto, infrastructure, white goods, engineering, are all developing well. Their appetite for steel is growing every year and if domestic steel producers are not satisfied, they will have to opt for imports. Analysts fear that India could become a net long-term importer after 2015-16 if domestic steel production capacity does not grow as predicted.

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List of Maharatna's of the country's Central Public Sector Enterprises

S.No.	Name	Short	H.Q	ESTD	Status
1	Bharat Heavy Electrical Limited	BHEL	New Delhi	1964	
2	Indian Oil Corporation	IOCL	New Delhi	1959	
3	Steel Authority of India Limited	SAIL	New Delhi	1954	2010
4	National Thermal Power Corporation	NTPC	New Delhi	1975	2010
5	Oil and Natural Gas Corporation	ONGC	New Delhi	1956	2010
6	Coal India Limited	CIL	Kolkata	1975	2011
7	Gas Authority of India Limited	GAIL	New Delhi	1984	2013
8	Bharat Petroleum Corporation Limited	BPCL	Mumbai	1952	2017
9	Hindustan Petroleum Corporation Limited	HPCL	Mumbai	1964	2019
10	Power Grid Corporation of India	POWER GRID	Gudgaon	1989	2019

Steel Authority of India Limited (SAIL) is one of the largest steel-making companies in India in addition one of the Maharatna's of the country's CPSE. The Indian steel industry has emerged as an important sector in the Indian economy, which has a significant impact on economic growth. India, with its abundant availability of advanced iron ore, thus retains the technical bases and cheap skilled labour required for the steel industry and provides a strong production base for the metal industry. In almost all regions, the non-Indian steel industry is booming. The Iron and Steel Industries in India have enacted the Environmental Protection Act (EPA) as well as environmental protection regulations and the Environment and Forests, Government of India. Initially, traders will have to seek legal approval from the union or state governments required for the EPA to set up or expand new iron and steel plants.

Objectives

- To study the production as well as financial position of Steel Authority of India.
- To Study the different aspects and activities of Steel Authority of India.
- To study the social and welfare activities of Steel Authority of India.

Methodology

Reviewed and analysed various studies and documents. This is an explanatory research paper. This study has been compiled with the help of secondary data. The main sources of secondary data are collected through books, annual general reports of the public sector units and government gazette, journals, magazine published material, internet and various online sites which provide relevant information for the study.

Brief Overview of Steel Authority of India Ltd.

SAIL is India's 2nd largest steel manufacturer. With a turnover of ₹58,297 crore, the company is one of the tenMaharatnas of the country's central public sector enterprises. SAIL has five integrated steel plants, three specialized plants and a subsidiary in different parts of the country.

Table 1: Production of Steel Authority of India

(in 000 T)

Year/Items	Hot Metal	Crude Steel	Saleable Steel
2011-12	14116	13350	12400
2012-13	14266	13417	12385
2013-14	14447	13579	12880
2014-15	15413	13908	12842
2015-16	15721	14279	12381
2016-17	15726	14496	13867
2017-18	15938	15021	14074

Source: <https://www.w.sail.co.in/en/home>

Table 2: Financial Position of Steel Authority of India

(In Rs. Crore)

YEAR / ITEMS	SALES TURNOVER	EBIT DA	PBT	PAT	NETWORTH
2011-12	50348	7658	5151	3543	39811
2012-13	49350	5621	3241	2170	41025
2013-14	51866	4951	3225	2616	42666
2014-15	50627	5586	2359	2093	43505
2015-16	43294	-2204	-7008	-4021	39196
2016-17	49180	672	-4851	-2833	36009
2017-18	58297	5184	-759	-482	35714

Source: <https://www.w.sail.co.in/en/home>

The Indian steel industry has recorded significant performance in recent years. The industry now has the capability to produce high quality materials with strict international specifications for high end applications in fields such as construction, engineering, automobiles and infrastructure. In recent times, high production of value-added products, increased capacity, increased production process and achieving cost-effective production in an environmentally friendly manner have been among the major areas of emphasis for Indian steel producers. Growth is directly linked to demand for steel. The Indian economy is growing at a very high rate and the demand for steel is also on the rise. The global steel production scenario for the last 8 years is shown in Table 1 and the financial status of the cell is also shown in Table 2.

- **Construction Management of SAIL:** Construction management and site activity monitoring has been one of the main activities of management. Construction management includes monitoring and coordination, procurement service support for civil / structural / equipment work, coordination between client and contractors working on site and supervision. Site monitoring services include progress monitoring, quality monitoring, work certification and billing, quantity monitoring, monitoring and progress reports, safety monitoring, claims settlement, as built drawings and coordination and interaction.
- **Inspection Management of SAIL:** The organization should have a large team of qualified, certified and experienced inspection engineers, who are well versed in modern testing methods that can be used for welding, casting and welded structures, storage tanks, pipelines and key machine components such as pumps, compressors, Industrial fans and vibro-machinery etc. In addition to NDT, there will be several inspection engineers in the field of welding technology and conditioning monitoring using vibration analysis.
- **Execution Stages:** Management spreads throughout the implementation phase of the financial. Management needs the support of a strong, efficient and effective management system. On the one hand, management structures, policies and processes, and on the other hand, an effective leadership and strategy plan make financial management important to make it a means of corporate growth and value creation. In the execution phase, the financial plan is implemented, and work is done to complete the financial and achieve the financial goal. During this phase, the progress of the financial is monitored and controlled so that the work stays on schedule and within the budget, the scope is completed as per the specifications, and all supplies meet the acceptance criteria. Is. Also, if necessary, any changes need to be included in the documentation, approval, and updated baseline plan.
- **Women Empowerment & Sustainable Income Generation:** Training to develop professional and specialized skills towards sustainable income generation was almost started. Annual training in nursing, physiotherapy, LMV driving, computer, mobile repair, welder, footer and electrician training, agriculture, mushroom cultivation, poultry, fishery, Achar / Papad / Agarbati / candle making 2000 people were identified. Screen printing, handicrafts, culture, yarn weaving, tailoring, sewing and embroidery, gloves, spices, towels, guinea bags, low cost sanitary napkins, desserts, soaps, smokers, etc. Locations of Steel Plant and Mines like Bhilailspat Kaushal Kutir, Swayamsiddha & PG College of Nursing, Bhilai with Free Boarding & Lodging, Kishori at Rourkela, Shipangan, Shipping and Skill Development and Self Employment Training Institute, Vocational Training Centre and Mahila Mangal Sabha in Burnpur, Garment Technician Training in Salem, JHARCRAFT Centre in Bokaro. There are about 700 youth / annual assistants for ITI

training in business. Fitter, electrician, draftsman civil, machined, turner, tool making machine, diesel mechanic, welder, etc. SAIL has set up ITIs in Bokaro, Bolani and Barsua where young people are undergoing training in industrial trade. The cell also supports the government. ITIs in Goa In addition, cell plants / units sponsor rural and tribal youth from their respective areas for training in various ITIs / ITCs on an annual basis. 5 well known ITCs in Rourkela, ITC, Balidih, etc.

- **Health-Care (Kalyan Chikitsalyas):** Seven Special Health Centres for the Underprivileged / Needy are providing free treatment and medicines to more than 100,000 villagers annually. In order to provide quality healthcare facilities at the doorsteps of the needy, about 4000 regular health camps are set up in different villages every year with about 75,000 people living in the vicinity of plants / units, mines and remote areas.
- **Education:** MDM was provided at 630 Government, in collaboration with the Akshiya Patra Foundation and the state government, schools in Bhilai and Rourkela enroll about 68,000 children on a daily basis. Schools have been set up at the plantation sites, especially for children from underprivileged backgrounds. In these schools 1,600 children are being provided free education, books, uniforms, food etc. More than 500 tribal children in Saranda Suvan Chhatravas and getting free education, housing, food and uniforms, textbooks etc. RTC Residential Public School, Manoharpur; Gyanodaya Chhatravas, BSP School Rajahra, Bhilai Children of Birhore in Gyanjyoti Yojana, Bokaro.

Conclusion

This article studies the economic and environmental performance of SAIL Public Sector Steel Plants in India using some relevant statistical and econometric techniques, respectively, where the experimental results show that the public sector plant is performing better in environmental context. And all private plant, while the economic performance of a private sector plant is significantly better than a public sector plant during a given period. Therefore, we can argue that due to adherence to government laws and policies on environmental issues, the performance of public sector steel plants towards sustainable development is significantly better than that of private steel plants. But it is also important in all types of plants, regardless of company status. In addition to economic performance, environmental performance should be another goal for every steel producer nowadays and the government should play a positive role in this regard. A successful financial is also known as capital investment for the survival and development of the business and the creation of shareholder value. There are a number of shortcomings in financial management, largely due to management's unfamiliarity with the financial and the uncertainty and risk associated with it. As a result, the various stages of financial management require a well-defined process and management.

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