

GOVERNMENT OF INDIA  
MINISTRY OF STEEL

**RAJYA SABHA**  
**UNSTARRED QUESTION NO.285**  
FOR ANSWER ON 22/07/2015

**MODERNISATION OF STEEL PLANTS IN PUBLIC SECTOR**

285. SHRI PARIMAL NATHWANI:

Will the Minister of STEEL be pleased to state:

- (a) the status of modernisation of steel plants in the public sector;
- (b) whether the programme for expansion and modernisation of various steel plants under the Steel Authority of India Limited is lagging behind the schedule leading to cost and time overruns;
- (c) if so, the plant-wise details thereof along with the reasons therefor; and
- (d) the corrective measures taken/being taken by Government to address the situation?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI VISHNU DEO SAI)

- (a) Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) have undertaken Modernisation and Expansion (at Bhilai, Bokaro, Durgapur, Rourkela, ISP, Burnpur and Special Steel Plant at Salem of SAIL and Vizag Steel Plant of RINL) to enhance its crude steel production capacity in the current phase from 12.84 Million Tonne Per Annum (MTPA) to 21.40 MTPA and from 3.0 MTPA to 6.3 MTPA, respectively.

The expansion project at Salem Steel Plant has been completed in September, 2010. At Rourkela and IISCO steel plants, all facilities under the integrated process route are in operation, stabilization and ramp-up. The expanded capacities of Rourkela Steel Plant and IISCO Steel Plant, Burnpur have been dedicated to the nation on 01.04.2015 & 10.05.2015, respectively. In Bokaro Steel Plant, the major facilities like upgraded Blast Furnace No.2, rebuilt Coke Oven Battery No.1 & 2 and new 1.2 MTPA Cold Rolling Mill are ready. In Bhilai Steel Plant, the new Coke Oven Battery, Sinter Machine in SP-3, Ore Handling Plant & Oxygen Plant are in operation. In Durgapur Steel Plant, the rebuilt of Coke Oven Battery-2, Ladle Furnace & Bloom-cum-Round Caster have been completed.

RINL has undertaken modernization of its existing facilities like Blast Furnaces, Steel Melt Shop Converters and Sinter Plant, etc. The projects are at various stages of completion.

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(b)&(c): The implementation of modernization and expansion plan has been affected mainly due to unforeseen soil conditions encountered during execution, under estimation of quantities by the consultant, logistic problems due to brownfield nature of project, inadequate mobilization of resources by the contracting agencies including PSU contractors. There has been no cost overrun except in ISP expansion (Rs. 1965 crore) where the cost estimate has been revised to Rs. 16,408 crore against the earlier cost of Rs. 14,443 crore, resulting in financial deviation of 13.6%. The main reason for cost overrun at ISP is increase in civil & structural work of BOF, CCP & Rolling Mills packages, proportionate increase in IDC&EDC and provision for future escalations.

(d) Various steps like review & updation of project manuals, enhancing delegation of powers at various levels for faster decision making, implementation of Integrated Project Management System, strengthening of project management organization by recruiting/ redeploying fresh/experienced project managers, constitution of Board Sub-committee to monitor the implementation of expansion plans have been taken. Other measures undertaken include extensive use of video conferencing for review meetings, discussions & sharing of problems of various plants during head of projects meetings, establishing project control rooms at plants, assistance to contractors in the form of supply of steel, pipes and other SAIL products, provision of space for fabrication yard inside/outside the plant to facilitate the contractor in fabricating structures and reducing transportation delays etc. Progress of modernization and expansion of plants are regularly reviewed at the level of Minister and Secretary in the Ministry.

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