

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:562
ANSWERED ON:28.02.2008
EXPANSION OF VISHAKHAPATNAM STEEL PLANT
Khairi Shri Chandrakant Bhaurao

Will the Minister of STEEL be pleased to state:

- (a) whether the Government has approved costly plan for the expansion of the Vishakhapatnam Steel Plant;
- (b) if so, the details of such plans for the next three years;
- (c) whether the international market and export trends have been carefully assessed and incorporated into the risks inherent in the huge investments;
- (d) if so, whether the Vishakhapatnam Steel Plant is dependent on continued demand only from China;
- (e) if so, the steps proposed to assess the potential returns on the huge investment being planned by the Vishakhapatnam Steel Plant; and
- (f) the source of funds for investment?

Answer

THE MINISTER OF STATE(DR.AKHILESH DAS)IN THE MINISTRY OF STEEL

- (a)&(b): The Government in October, 2005 has approved the expansion plan of Vishakhapatnam Steel Plant (VSP) at an estimated cost of Rs.8692 crores (base June 2005 prices) for increasing its liquid steel capacity from 3 million tonnes to 6.3 million tonnes per annum by the year 2009.
- (c) While considering the proposal for expansion, an assessment has been made in respect of the international market, export trends and internal consumption vis-à-vis the projected rate of return on the investment.
- (d) No, Sir.
- (e)&(f): Assessment of returns on the investment for Expansion Phase-I has already been made in the Project Report.The entire capital cost of the expansion plan will be met by the VSP from internal resources and extra budgetary resources at an incremental debt equity ratio of 1:1.