

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

STARRED QUESTION NO:591  
ANSWERED ON:06.05.2010  
COST AND TIME OVER- RUNS OF STEEL PROJECTS  
Verma Shri Sajjan Singh

**Will the Minister of STEEL be pleased to state:**

- (a) the number of steel projects under construction/implementation in the private and public sectors in the country;
- (b) whether the Government is aware that a number of steel sector projects have incurred time and cost overruns;
- (c) if so, the details thereof;
- (d) whether the reasons for the same have been identified;
- (e) if so, the details thereof; and
- (f) the corrective action taken by the Government in this regard?

**Answer**

THE MINISTER OF STEEL (SHRI VIRBHADRA SINGH)

(a)to(f): A statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (F) OF THE LOK SABHA STARRED QUESTION NO.591 TO BE ANSWERED ON 6TH MAY, 2010 TABLED BY SHRI SAJJAN VERMA, MEMBER OF PARLIAMENT, REGARDING COST AND TIME OVER-RUNS OF STEEL PROJECTS.

(a) The details regarding steel projects under implementation in the private and public sector is at Annexure-I.

(b)to(e): Projects for new capacity creation in the steel sector sometimes suffer time and cost overruns on account of reasons like delays in land acquisition, settlement of relief and rehabilitation issues, procurement of forestry and environmental clearances and allocation of raw material linkages, particularly for iron ore and coal. The Government PSUs, Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) are also augmenting their capacities and in these projects there have been some delays, particularly in procurement of some packages for reasons such as inadequate response of bidders, deviation in bid offers vis-a-vis bidding conditions and high prices offered by tenderers as compared to the project cost estimates.

As presently computed, the estimated cost of the current phase of modernisation and expansion project in SAIL would be around Rs.70,000 crores including Rs.10,000 crores for mine development; while in RINL the presently computed cost of capacity expansion is around Rs.12,500 crores. Though there has been some delay from the original schedule, the expansion project of SAIL is expected to be progressively completed in the financial year 2012-13; while the expansion plan of RINL is expected to be progressively completed by 2011-12. The actual cost overruns can be computed after these projects are commissioned on ground.

(f) While Government does not directly oversee implementation of the private sector steel projects, issues relating to such projects are discussed in the Inter-Ministerial Group functioning in the Ministry of Steel with a view to settling issues that may impede the early realisation of these projects. Representatives of the concerned Central Government Ministries and the State Governments are members of this Inter-Ministerial Group. In the case of capacity expansion projects in the public sector, a number of measures have been taken to ensure timely completion of these projects. These include periodical review of these projects in the Ministry of Steel as well as by the Boards of Directors of the respective companies and senior management. The project management systems in these companies have also been strengthened and empowered for enabling quicker decision-making in respect of these projects. The implementation of these capacity expansion projects in public sector companies are thus constantly monitored and corrective action is taken for expediting the pace of implementation whenever found necessary.