

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

STARRED QUESTION NO:385
ANSWERED ON:30.07.2009
PROJECTS UNDER BHEL
Sule Supriya

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether there had been several instances where the Bharat Heavy Electricals Limited (BHEL) had delayed in the execution of orders placed for supply of equipment to the Government sectors, particularly relating to infrastructure like power;
- (b) if so, the details thereof and the main reasons therefor; and
- (c) the steps taken by BHEL in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI VILASRAO DESHMUKH)

(a) to (c) A statement is laid on the Table of the House.

Statement referred to in reply to Parts (a) to (c) of Lok Sabha Starred Question No. 385 for answer on 30.7.2009 regarding Projects under BHEL by Sr. Supriya Sule

(a) & (b) Bharat Heavy Electricals Limited (BHEL) has been entrusted with the installation of 43,173 MW capacity power projects in the 11th Plan which is about 55% of the total capacity addition envisaged in the 11th Plan. Of this, nearly 90% is for the Government Sector.

For 29,254 MW, BHEL's scope is limited to supply of Boiler and Turbine Generator Package only. The developer has to arrange for the Balance of Plant which includes several sub-systems. For 13,919 MW, BHEL is to set up power plants on turnkey basis,

While there are delays in execution of power projects, the delays are not solely attributable to BHEL.

The setting up of power plant is a complex process and is dependent on the performance of several players. The developer has to provide several inputs starting from making available encumbrance free land, civil work including foundations, raw water etc over which BHEL's supplied equipment is to be erected and commissioned. Several other Balance of Plant (BOP) vendors have to supply equipment like coal and ash handling systems, water systems, cooling towers etc.

Further, while executing the projects, on several occasions the specifications undergo change, leading to delays. Activities to be undertaken by BHEL are pre-approved by the customer which takes considerable time due to involvement of consultants appointed by the customers. Even qualification requirements of BHEL vendors are approved by such consultants.

Secondly, castings and forgings, pipes and fittings of alloy steel, CRGO steel are some critical inputs for manufacturing of various equipment for which there are limited number of vendors world-wide, resulting in supply bottlenecks. Further, infrastructure inadequacies coupled with shortage of skilled manpower also contribute to the delays.

In spite of delays due to various factors beyond the control of BHEL, BHEL puts in extra efforts to minimize the slippages.

(c) BHEL has enhanced its main power generating equipment manufacturing capacity from 6,000 MW per annum to 10,000 MW per annum (available from December 2007), and is further augmenting it to 15,000 MW per annum. This capacity is further proposed for expansion to 20,000 MW per annum by 2011-12.

Manpower is also being ramped up in a timely and commensurate manner. This will enable BHEL to meet its ongoing commitments for 11th Plan as well as for 12th Plan power projects.

In addition to the above, a number of other steps have been taken by BHEL such as:

Outsourcing of finished machined castings including low pressure turbine shafts.

Enhancement of vendor base in India so as to meet the Balance of Plants (BoP) requirements. Formation of Joint Venture company with NTPC Ltd. for manufacture of Balance of Plant equipments.

Advance material procurement for critical items.

Upgradation/rebuilding of existing facilities through reconditioning and retrofitting in various plants of BHEL.

Augmentation of Tools and Plants like cranes, wagons required for transportation from BHEL units and erection work at project sites. Reduction in erection cycle, enhanced resources etc. at site to make up for the delays in projects caused due to non-availability of fronts/foundations under project developer's scope.

Foreign Technical Collaboration with leading manufacturers of the world for getting latest technology.