

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:2698

ANSWERED ON:10.12.2012

MODERNISATION OF PLANTS

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Will the Minister of STEEL be pleased to state:

- (a) the details of the modernisation and expansion plans being undertaken by the public sector steel plants;
- (b) the present status of the execution of work along with the time likely to be taken for the completion of these expansion plans, plant-wise;
- (c) the details of the total expenditure incurred/likely to be incurred on this expansion exercise, plant-wise along with the sources from which the funds are likely to be mobilised for the purpose;
- (d) the details of the total steel produced during each of the last three years along with the likely increase in the total production of steel after the completion of this expansion exercise, plant-wise; and
- (e) the future plans proposed for capacity expansion during the Twelfth Five Year Plan period along with percentage expenditure on research and development activities undertaken by the public sector undertakings during the said period?

Answer

THE MINISTER OF STEEL (SHRI BENI PRASAD VERMA)

(a)&(b): Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL), have under taken Modernization and Expansion (at Bhilai, Bokaro, Rourkela, Durgapur, ISP, Bumpur and Special Steel Plant at Salem of SAIL and Vizag Steel Plant of RINL) to enhance its crude steel production capacity from 12.84 Million Tonnes Per Annum (MTPA) to 21.40 MTPA and from 3.0 MTPA to 6.3 MTPA respectively.

The expansion of Salem Steel Plant of SAIL has been completed in Sep' 10 and facilities are in regular operation. At Rourkela Steel Plant of SAIL, the Sinter Plant has been put into operation, new Coke Oven Battery (COB) is under heating and Blast Furnace is in advanced stage of completion. At IISCO Steel Plant of SAIL, new Coke Oven Battery (COB) is under heating and facilities like Raw Material Handling System (RMHS), Sinter Plant, Wire Rod Mill, Oxygen Plant, Blast Furnace etc., are ready and commissioning is dependent on completion of other upstream and downstream facilities. At Bokaro Steel Plant of SAIL, Up-gradation of one Blast Furnace and re-building of two Coke Oven Batteries have been completed and New Cold Rolling Mill is in advanced stage of completion. At Bhilai Steel Plant and Durgapur Steel Plant of SAIL, work is in various stages of implementation.

The expansion plan of RINL is to be completed in two stages. One new Blast Furnace, Sinter Plant, Steel Melting Shop and Wire Rod Mill are being installed under Stage-I expansion while one Special Bar Mill and Structural Mill are being installed under Stage-II expansion. Execution of all the packages under Stage-I have been completed and units are at various stages of commissioning. Under Stage-II expansion, almost all the supplies have been completed for installing Special Bar Mill and Structural Mill. Major Civil and Structural works have been completed. Equipment erection is in progress. Several related units viz. water system, power system etc. are getting commissioned matching the requirement.

(c) The Plant-wise details of the expenditure on modernization and expansion plan of SAIL and RINL are given below:

Plant	Envisaged Investments	Gross Actual	Crude Steel Production/
Steel Authority of India Limited (SAIL)	(Net of CENVAT), Rs. Cr.	Expenditure till October' 12, Rs. Cr.	Liquid Steel (MTPA) Present Capacity
	Installed after		Capacity Expansion

Bhilai Steel Plant	17,266	6,833	3.93	7.0
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Rourkela Steel Plant	11,812	8,029	1.90	4.2
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Durgapur Steel Plant	2,875	1,186	1.80	2.2
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Bokaro Steel Plant	6,325	3,083	4.36	4.61
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IISCO Steel Plant	16,408	13,892	0.50	2.50
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Salem Steel Plant	1,902	2,227	-	0.18
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Rashtriya Ispat Nigam Limited/ Vishakapatnam Steel Plant (RINL/VSP)	12,291	9,838.39	3.00	6.3
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The source of funding for modernisation and expansion of SAIL will be through a combination of debt and equity (including internal resources) while maintaining debt-equity ratio of 1:1 and the expansion plan of RINL is being funded mainly through internal accruals.

(d) The details of the total steel produced during the last three years in SAIL and RINL are given below:

Unit: '000 T

Plants	Item	2009-10	2010-11	2011-12
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Bhilai Steel Plant (BSP)	Crude Steel	5109	5329	4901
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Durgapur Steel Plant (DSP)	Crude Steel	1966	1961	1914
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Bokaro Steel Plant (BSL)	Crude Steel	3596	3592	3647
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IISCO Steel Plant (ISP)	Crude Steel	400	411	329
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Alloy Steel Plant (ASP)	Crude Steel	205	200	200
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Salem Steel Plant (SSP)	Crude Steel	-	-	96
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Visvesvaraya Iron Steel Plant (VISP)	Crude Steel	103	108	91
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Steel Authority of India Ltd. (SAIL)	Crude Steel	13506	13761	13350
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Rashtriya Ispat Nigam Ltd. (RINL)	Liquid Steel	3399	3424	3310
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Saleable Steel	3167	3077	2990
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(e) The Department of Public Enterprises (DPE) has issued new guidelines for expenditure on Research & Development activities

under MoU targets in September, 2011. As per the guidelines, SAIL has signed MoU with Ministry of Steel for 2012-13 in which R&D expenditure should be 1.2% of PAT (Profit after Tax) for excellent rating. In SAIL, the R&D expenditure as % of PAT was 1.59% in 2009-10, 2.69% in 2010-11 and 3.79% in 2011-12.

RINL has appointed a consultant to prepare Project Report for further capacity expansion for 11.0 MTPA liquid steel. RINL/VSP had made a long term directional plan to expand its capacity in stages to a level of 20.0 MTPA within the next ten years. The actual R&D expenditure as percentage of turnover for the last three years was 0.12% in 2009-10, 0.12% in 2010-11, 0.14% in 2011-12 and 0.09% in 2012-13 (till Oct, 12). The expected R&D expenditure as percentage of turnover for the coming years would be 0.09% in 2012-13 and 0.25% in 2013-14.