

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:1868
ANSWERED ON:08.03.2013
COMMISSIONING OF PARADIP REFINERY
Ramasubbu Shri S.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the commissioning of Paradip Refinery has been unduly delayed;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether the delay has resulted in huge cost escalation;
- (d) if so, the steps taken to contain the cost escalation and the time by which the refinery is likely to be commissioned;and
- (e) the targets fixed for exports from the Paradip refinery?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT. PANABAAGA LAKSHMI)

(a) and (b) As per Indian Oil Corporation Limited (IOCL), Paradip Refinery Project was originally scheduled for completion by November, 2012. The project has been delayed for commissioning due to the following reasons:

Initially Front End Engineering Design(FEED) was prepared for 15 MMTPA Refinery cum Petrochemical Complex. Subsequently, the proposal for the Petrochemical Complex was deferred. This has resulted in major change in the FEED for "Fuel only" Refinery on account of its reconfiguration, which affected the Engineering phase of the project.

Change in sourcing of Power from Tata Joint Venture (JV) to own Captive Power Plant. There is also delay in construction of Captive Power Plant by BHEL.

Loss of productive mandays due to Law and order problem and frequent bandh/strikes by Unions.

Scarcity of skilled manpower in and around Paradip area.

Delay in getting environmental clearance for South Jetty.

(c) & (d) IOC has informed that the cost escalation is expected within 10% of the approved cost. The Company has further intimated that since all the equipments and major contracts have been awarded on fixed price basis, there will be no significant impact on project cost due to delayed completion. Further, as per terms and conditions of the contract, price reduction is effected in case of delay in delivery of equipment/bulk items and execution of contract by vendors/contractors. The project is anticipated to be completed by November, 2013.

(e) The product from this Refinery will be predominantly consumed domestically and only surplus products after meeting the domestic demand will be exported.