

**GOVERNMENT OF INDIA
STEEL
LOK SABHA**

UNSTARRED QUESTION NO:5398

ANSWERED ON:29.04.2013

EXPANSION OF STEEL PLANTS

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Will the Minister of STEEL be pleased to state:

(a) whether the public sector steel companies are not able to utilize their total installed capacity and if so, the details thereof and the reasons therefor along with the total installed capacity of each plant and the total quantum of steel produced, plant-wise;

(b) whether the Government has undertaken any programme for the expansion and modernisation of various Public Sector steel plants to meet the growing demand of steel in the country and if so, the details thereof along with its present status thereon, plant-wise;

(c) the details of the total investment/ expenditure likely to be incurred along with the employment opportunities and production capacity of each plant likely to be enhanced as a result of this modernisation exercise, plant-wise;

(d) whether there has been enormous delay in the expansion work leading to cost escalation and if so, the details of the targets fixed for its completion along with the time by which these programmes are likely to be completed including the cost overruns due to such delay, plant-wise;

(e) whether the said modernisation programme is likely to adversely affect the employment opportunities and lead to retrenchment in these plants; and

(f) if so, the details thereof along with the total number of permanent and contract based employees in the various public sector steel plants in the country, plant-wise?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF STEEL (SHRI BENI PRASAD VERMA)

(a) There are two public sector steel manufacturing companies in the country namely Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL). The production of crude steel by SAIL and RINL in 2012-13 has been 13.4 Million tonnes (MT) and 3.07 MT respectively against the installed capacity of 12.8 MT and 3 MT respectively which is 104% and 103% of the installed capacity respectively.

(b)&(c) SAIL and RINL have undertaken modernization and expansion plans to enhance its present capacity of crude steel from 12.8 MT to 21.4 MT and 3 MT to 6.3 MT respectively. Plant-wise details of investment, present installed capacity and enhanced capacity (post expansion) of SAIL and RINL are as under:-

Plant	Envisaged Investments (Net of CENVAT),Rs.Cr	Crude Steel Production (Mtpa)
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Installed After Expansion

BSP	17,266	3.93	7.0
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RSP	11,812	1.90	4.2
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DSP	2,875	1.80	2.2
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BSL 6,325 4.36 4.61

ISP 16,408 0.50 2.50

SSP 1,902 - 0.18

RINL 12,291 3.0 6.3

The indicative investment of SAIL for current phase of Modernization and Expansion is Rs.61,870 crore. Besides, a provision of Rs.10,264 crore has been made towards investment in existing mines under Raw Materials Division (RMD) and development of Rowghat Mine. Expansion of Salem Steel Plant has been completed in September, 2010. For other plants, efforts are being made to complete all major production units under current phase of Modernization & Expansion plan progressively by 2013-2014.

To ensure availability of skilled manpower for manning of these upcoming facilities, in addition to redeployment from existing manpower, requirement of 9389 skilled manpower has been assessed in SAIL. Plant-wise detail is as under:

Plant Nos. of recruitments for
manning expansion projects
at plant

BSP 2262

DSP 396

RSP 1526

BSL 967

ISP 3990

SSP 248

RINL is also presently expanding its capacity from 3.00 MTPA to 6.3 MTPA of liquid steel against which the new Blast Furnace, Oxygen plant, Power and Water system have been commissioned and are under operation. Other major units are being commissioned during the current fiscal.

(d) The implementation of Modernization and Expansion plan of SAIL/RINL have been affected mainly due to unforeseen soil conditions encountered, under estimation of quantities by the consultants, Logistic problems due to brown field nature of job,

inadequate mobilization of resources by the contracting agencies including PSUs like HEC, HSCL, EPI & BHEL and lack of deployment of technically competent/skilled manpower by the contractors.

There has been no cost overrun except in ISP Expansion which has been revised to Rs.16,408 crore against the earlier cost of Rs.14,443 crore. The main reason for cost overrun is increase in civil & structural work for BOF, CCP & Rolling Mills packages, proportionate increase in Interest During Construction, Engineering & Construction and provision for future escalations. At present, for expansion of other plants, no cost overrun is expected. There is no cost overrun/escalation likely in respect of RINL.

(e)&(f) No, Madam. The question does not arise.