

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.2006
FOR ANSWER ON 10/12/2014

MODERNIZATION OF STEEL PLANTS

2006. SHRI PARIMAL NATHWANI:

Will the Minister of STEEL be pleased to state:

- (a) the status of modernization of steel plant in the public sector;
- (b) whether the programme for expansion and modernization of various steel plants under the Steel Authority of India Limited is lagging behind the schedule leading to cost and time overruns;
- (c) if so, the plant-wise details thereof alongwith the reasons therefor; and
- (d) the corrective measures taken/being taken by Government to address the situation?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF
STEEL AND MINES

(SHRI VISHNU DEO SAI)

(a) Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) have undertaken Modernisation and Expansion (at Bhilai, Bokaro, Durgapur, Rourkela, ISP, Burnpur and Special Steel Plant at Salem of SAIL and Vizag Steel Plant of RINL) to enhance its crude steel production capacity in the current phase from 12.84 Million Tonne Per Annum (MTPA) to 21.40 MTPA and from 3.0 MTPA to 6.3 MTPA respectively.

The expansion project at Salem Steel Plant has been completed in September, 2010. At Rourkela Steel Plant, entire new Integrated process route including coke making, sinter making, iron making with country's largest Blast Furnace (4060 cum), Basic Oxygen Furnace, Slab caster and rolling facility in the new Plate Mill has been made operational. At IISCO Steel Plant, major facilities for New Sinter making, coke making, Iron making with country's largest Blast Furnace (4160 cum) and steel making (Two Basic Oxygen Furnace Converters and Two Casters) and Wire Rod Mill have been made operational. At Bokaro Steel Plant, Rolling facility in the new Cold Rolling Mill complex started with completion of Pickling Line & Tandem Cold Mill. At Bhilai Steel Plant, Ore Handling Plant Part-A, 2nd Sinter Machine in SP-3 and new Coke Oven Battery have been completed. At Durgapur Steel Plant, Rebuilding of Coke Oven Battery-2 has been completed.

RINL has undertaken modernization of the major process units like Blast Furnaces, Steel Melt Shop Converters and Sinter Plant at an estimated cost of about Rs. 2410 crore, to meet the latest environmental norms, to adopt the latest technology, to conserve energy, to increase the production and productivity and at the same time to upkeep the health of major equipment, which are in operation for more than two decades.

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(b)&(c): The implementation of modernization and expansion plan has been affected mainly due to unforeseen soil conditions encountered during execution, under estimation of quantities by the consultant, Logistic problems due to brownfield nature of project, inadequate mobilization of resources by the contracting agencies including PSU contractors. There has been no cost overrun except in ISP expansion (Rs. 1965 crore) where the cost estimate has been revised to Rs. 16,408 crore against the earlier cost of Rs. 14,443 crore, resulting in financial deviation of 13.6%. The main reason for cost overrun at ISP is increase in civil & structural work of BOF, CCP & Rolling Mills packages, proportionate increase in IDC&EDC and provision for future escalations.

(d) Various steps like review & updation of Project Manuals, enhancing delegation of powers at various levels for faster decision making, implementation of Integrated Project Management System, strengthening of project management organization by recruiting/ redeploying fresh/experienced project managers, constitution of Board Sub Committee (BSC) to monitor the implementation of Expansion Plans have been taken. Other measures undertaken include extensive use of video conferencing for review meetings, discussions & sharing of problems of various plants during head of Projects meetings, establishing project control rooms at plants, assistance to contractors in the form of supply of steel, pipes and other SAIL products, provision of space for fabrication yard inside/outside the plant to facilitate the contractor in fabricating structures and reducing transportation delays etc. Progress of modernisation and expansion of plants are regularly reviewed at the level of Minister and Secretary in the Ministry.
