

GOVERNMENT OF INDIA
MINISTRY OF STEEL

RAJYA SABHA
UNSTARRED QUESTION NO.739
FOR ANSWER ON 16/08/2012

PRODUCTION LOSS OF SAIL

739. SHRI S. THANGAVELU:

Will the Minister of STEEL be pleased to state:

- (a) whether SAIL which is expected to tap the market with its follow-on public offer has come under scathing attack from the Steel Ministry for production loss;
- (b) if so, the details thereof;
- (c) whether the company's modernisation programme of its three plants at Burnpur, Rourkela and Bhilai was delayed that has resulted in cost escalation and production loss;
- (d) if so, the details thereof; and
- (e) the steps taken by SAIL to complete its modernisation programme in time to achieve the production target of 19 mt. for 2012-13?

ANSWER

THE MINISTER OF STEEL

(SHRI BENI PRASAD VERMA)

(a)&(b): The Ministry has expressed its concern to the fact that production of crude steel in 2011-12 has been lower by 3% over corresponding period of last year (CPLY) mainly due to repairs of blast furnace and coke oven batteries at Bhilai Steel Plant and frequent power disruption at Bokaro Steel Plant. SAIL has been advised to take immediate steps to improve its performance. While, there is no proposal of Steel Authority of India Limited (SAIL) to tap the market by issue of fresh shares, the Government has decided to disinvest 10.82% of paid up equity in SAIL out of its shareholding of 85.82% through offer for sale of shares as per SEBI Rules and Regulations.

(c)to(e): The expansion plan of Rourkela Steel Plant is at an advanced stage and is likely to be completed within schedule. In case of expansion of IISCO Steel Plant, Burnpur, difficult and unforeseen soil condition, removal of underground boulders and hillocks etc. led to substantial increase in civil and structural work and also entailed extra time. In case of Bhilai Steel Plant (BSP) expansion, the timelines were affected due to inadequate deployment of manpower, lack of technically competent / skilled manpower and non-deployment of modern and robust equipment by the contractors.

SAIL has taken various measures for expediting the project works including enhancing delegation of powers for faster decision making, strengthening of project management organization by recruiting / redeploying fresh / experienced project managers, assistance to contractors in the form of supply of steel, pipe 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, constitution of Board Sub Committee to review the physical and financial progress of modernization and expansion plans of SAIL periodically.
