

Preface

This performance Audit Report has been prepared in accordance with the Performance Audit Guidelines and the Regulations on Audit and Accounts, 2007 of the Comptroller and Auditor General of India.

The Board of Directors accorded In-principle approval for implementation of projects under Modernisation and Expansion Plan (MEP) in its five integrated steel plants and Salem Steel Plant during June 2006-July 2007 at a total estimated cost of ₹ 43,142 crore. The MEP would enhance existing installed hot metal making capacity from 13.83 million tonnes (MT) to 23.46 MT per annum by the year 2010. In June 2009, the Company earmarked ₹ 10,264 crore for development and augmentation of captive mines, and on account of this additional financial burden deferred some packages of MEP worth ₹ 18,375 crore orders for which had not been placed by then. MEP projects of Salem Steel Plant costing ₹ 2,307 crore were completed by September 2010. The other projects in the five integrated steel plants were delayed and scheduled for completion during 2015. The estimated cost of MEP projects has increased to ₹ 66,851 crore.

The Performance Audit was taken up to examine implementation of the Modernisation and Expansion Plan (MEP). Out of 852 MEP contracts valued at ₹ 48,810 crore awarded up to March 2013, 244 contracts valuing ₹ 43,825 crore (90 *per cent*) were selected for review. All the contracts of ₹ 100 crore or above valuing ₹ 37,274 crore were reviewed in audit.

Audit acknowledges the co-operation and assistance extended by the Company and the Ministry of Steel in the conduct of this performance audit.