

Development of Paradeep Port

*181. SHRI SARADA MOHANTY:

SHRI PRAVAT KUMAR
SAMANTARAY:

Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) whether it is a fact that a proposal for the development of Paradeep Port was under Govt.'s consideration to enable it to handle the export of 6 million tonnes of Iron ore through bulk carriers of 1,70,000-200,000 DWT vessels per annum; and

(b) if so, by when Government propose to finalise the proposal?

THE MINISTER OF SURFACE TRANSPORT (SHRI K. P. UNNIKRISHNAN) : (a) Yes, Sir.

(b) The Detailed Project Report for the proposal has been prepared. The implementation of the project will depend on the allocations to be made in the 8th Five Year Plan which have not been finalised.

SHRI SARADA MOHANTY: I would like to know whether Government is going to do this itself or in collaboration with any other country.

MR. CHAIRMAN: He is asking about collaboration. Are you having collaboration on this?

SHRI K. P. UNNIKRISHNAN: Sir, the project report was prepared by M/s. Hyundai Corporation probably in 1984 or so. They submitted an offer to MMTC on the basis of a buy-back arrangement of iron ore. They would extend a loan for deepening and constructing a new berth at Paradeep Port. It was to be a composite project, consisting of deepening of the harbour so as to receive bigger vessels and where they would buy 6 million tonnes of ore per annum. We would also provide 175 kilometers of railway line to the mines and also improve the

mines. They were to finance by way of loan to MMTC the cost of the deepening project at Paradeep and also to, in turn; buy at pre-determined rates, pre-contracted rates the iron ore offered by MMTC. We were also to provide for the railway development and mine development.

First there as an inter-ministerial group that was set up which submitted a report and afterwards in 1989, we received a kind of detailed project report from M/s. Hyundai Corporation. There have been a number of issues which have been under discussion.

MR. CHAIRMAN: No second supplementary. Mr. Samantaray. Mr. K. C. Lenka.

SHRI KAHNU CHARAN LENKA: Sir, this type of reply we have been getting for the last six years. Actually, Hyundai Corporation of South Korea have submitted an integrated project report for the development of Paradeep Port. Some parts of this project are regarding development of the mining area, development of the Port and regarding railway line from Daitari to Banspani which will have to be completed. These three parts have been suggested by the Hyundai Corporation. MMTC has also offered...

MR. CHAIRMAN: He has mentioned all this.

SHRI KAHNU CHARAN LENKA: Yes, Sir, this is the position from 1985. There is no development until now. I want to know categorically from the Minister whether this project is going to be executed, whether Government has taken a decision to approve this project and to finance this project. I also want to know from the Minister, how Government of India is going to finance this project—whether by getting loans from foreign countries, or from its own sources.

†The Question was actually asked on the floor of the House by Shri Sarada Mohanty.

SHRI K. P. UNNIKRISHNAN: Sir, I have already explained in brief outline the details of this project. This

proposal came from M/s. Hyundai Corporation. There is an Inter-ministerial Group.

MR. CHAIRMAN: He wants to know when it will be possible.

SHRI K. P. UNNIKRISHNAN: I will just explain. An Inter-ministerial Group was set up originally. In 1985 it was to cost Rs. 438 crores, port sector Rs. 228 crores, railway sector Rs. 175 crores and mine sector Rs. 35 crores and odd.

SHRI KAHNU CHARAN LENKA: The railway sector is an approved scheme in the Plan and that has been stopped since one year and in the current year there is no provision for this project in order to connect Daitari-Banspani railway line. It is an approved plan and that portion is not included in the project.

MR. CHAIRMAN: He says that the work on the railway project has been stopped by the Government of India.

SHRI K. P. UNNIKRISHNAN: I am referring to a Working Group report on this.

MR. CHAIRMAN: That you are referring to but his question is why the work on railway project has been stopped and there is no provision.

SHRI K. P. UNNIKRISHNAN: No, Sir. A working Group has been set up. The composite recommendations include railway sector with an outlay of Rs. 438 crores. Subsequently, a detailed project report was made by M/s. Hyundai Corporation of South Korea and the railway project component was also shown in the report. They revised the figures to Rs. 776 crores. That is for the development. They calculated at 1988 prices.

MR. CHAIRMAN: You only restrict yourself to railways. His question is on railways.

SHRI KAHNU CHARAN LENKA: When this project is going to be executed?

SHRI K. P. UNNIKRISHNAN: As far as the railway project is concerned, obviously without the development of railway project the port would be of no use.

MR. CHAIRMAN: He says that the work has been stopped and there is no provision this time. Is it true?

SHRI K. P. UNNIKRISHNAN: Obviously the Railways would also think of investment only when there is a composite plan.

MR. CHAIRMAN: That is not sanctioned as yet?

SHRI K. P. UNNIKRISHNAN: We have as yet not gone ahead with the whole project as such. As I said, it is under revision. Only this month I had a meeting when the Chief Minister of Orissa, Minister of Railways, Minister of Steel and Mines and Minister of Commerce were also present; and another Group has been set up. As far as our Ministry is concerned, we would like this to be in additionality of our total Eighth Plan proposals because obviously you know this comes to Rs. 564 crores. As far as we are concerned, I can assure the House that this is being taken up very seriously and we are trying to implement it. But it also depends upon the attitude of the Hyundai Corporation who have not been taking that live interest which they had shown sometime earlier.

SHRI YASHWANT SINHA: Mr. Chairman, Sir, a port is after all meant only for running a certain service and there are two ports on the Eastern Coast—Paradip and Visakhapatnam—which are basically meant for export of iron-ore and the target countries for export of iron-ore are Japan, South Korea and now China. Now, what I would like to know from the Minister is whether there is a comprehensive integrated thinking in the Government that a certain quantity of iron-ore will continue to be exported in the years to come from this country and that the "

converted into steel—we will continue to be exporters of raw materials—and whether the quantity will be sufficient to justify the large investment which is sought to be made in Paradip port. The existing facilities will not be adequate. I think I have seen a large chunk of investment made in various ports go waste because the calculations have gone wrong. Therefore, it is very important that we clearly define what the parameters are going to be in future before we undertake a project. I have nothing against Paradip but I would like to caution by asking that this supplementary has to be taken into account.

MR. CHAIRMAN: Are you going to continue to export as you have been doing now?

SHRI K. P. UNNIKRISHNAN: Well, in the procedure for future, there would certainly be this kind of export of iron ore and a strong view has been expressed by the MMTC and now the new holding company, Bharat International and the Ministry of Commerce that they would like a substantial quantity of iron ore to be exported and there is a ready market for this. But, Sir, I would also like to say that the Ministry of Steel and Mines has been strongly arguing that instead of exporting iron ore, we should export value-added items and there has been some kind of difference on this aspect.

SHRI BASUDEB MOHAPATRA: Mr. Chairman, Sir, the hon. Minister has stated that a detailed project report of the proposal has been prepared but I am sorry to state that the hon. Minister has not mentioned as to by whom the detailed project report has been submitted to the Government. Now he has stated in the House the Hyundai Corporation, Sir, my second point is that the Union Cabinet in the year 1988 had finally cleared the Rs. 530 crore Paradeep Port Development Project that had been ranging for more than 3 years and at that time also the Government had decid-

ed in the year 1988 that project would be started very shortly. I would like to know from the hon. Minister whether any concrete proposal has been chalked out by the Government regarding funding pattern because the Hyundai Corporation has stated in its proposal some loan component. They have mentioned it to which the MMTC has agreed. I want to know from the hon. Minister what is the funding pattern of the project report; whether the funding pattern is going to be accepted by the Government?

SHRI K. P. UNNIKRISHNAN: I have already answered it. Well, I would again repeat it. As far as we are concerned we have our own plans for development of the whole port sector and particularly, the Paradeep port. This has nothing to do with this Hyundai project. It is only as I explained earlier. That would relate to construction of a third general cargo berth, construction of a fertilizer berth, replacement of bucket-wheel reclaimer, cargo handling equipment and modifications of berths and so on. This has been provided for both in the Seventh Plan as well as proposed to be provided for during the Eighth Plan. But as far as this proposal relating to Hyundai Corporation is concerned the Hyundai Corporation, as I explained earlier, Sir, has promised to fund the port component of the Plan. They have been very clear about this that they would fund the port component by way of a loan to the MMTC and in return buy the ore over a fixed number of years, whereas we have to look after the rail development and the mines development. That is why I said, I referred to certain unresolved issues at the moment because we will have to look into the whole viability of the project provided Hyundai Corporation continues to show this interest the mode or sources of funding of other components of the projects like the Railways and the mines and the availability, if the Hyundai gives up of alternative sources of funding.