

RAJYA SABHA

Thursday, 9th August, 1984/18 Sra-
van 1906 (Saka)

The House met at eleven of the clock, Mr. Deputy Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Loss incurred by IISCO due to heavy interest burden

*261. SHRI SANKAR PRASAD MITRA:†

SHRI KAYLAN ROY:

Will the Minister of STEEL AND MINES be pleased to state:

(a) whether Government's attention has been drawn to the Director's Report which appeared in the annual report of the Indian Iron and Steel Company ending 31st March, 1983 to the effect that the net loss of the Company has been Rs. 71.05 crores as against Rs. 37.11 crores in 1981-82, due to heavy interest burden;

(b) whether it is a fact that interest burden alone accounted for Rs. 48.41 crores accounting for approximately 68 per cent of the loss; and

(c) if so, the reasons for which the interest rate of a nationalised public sector company is so high and whether any steps have been taken by Government to reduce it?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI N. K. P. SALVE):
(a) and (b) Yes, Sir.

(c) The rate of interest applicable to Government loans to IISCO is the same as applicable to any other public sector enterprise of the Central Government. The rate of interest on loans from financial institutions is on par with that applicable to loans extended by financial institutions to

†The question was actually asked on the floor of the House by Shri Sankar Prasad Mitra.

other enterprises. The interest burden of the company is high because it has not been able to repay the loans it has taken from Government, financial institutions and SAIL. Several reliefs to alleviate this problem have been already granted and proposals to provide further reliefs have been formulated and are under the consideration of Government.

SHRI SANKAR PRASAD MITRA:
May I know what is the precise rate of interest that is charged?

SHRI N. K. P. SALVE: The rate of interest varies from time to time. But if he wants what have been the different rates of interest at different periods....

SHRI SANKAR PRASAD MITRA:
Give us for the last two years.

SHRI N. K. P. SALVE: Sir, if the hon. Member would like, I shall furnish this precise information. Even in the year it is not steady for the entire year. But I will be able to furnish the same. Very happily I will furnish this information to him.

SHRI SANKAR PRASAD MITRA:
The hon. Minister says towards the end of his reply: "Several reliefs to alleviate this problem have been already granted and proposals to provide further reliefs have been formulated and are under the consideration of Government". May I know what reliefs have already been granted and what reliefs are under consideration?

SHRI N. K. P. SALVE: Sir, the collections have been waived for the years 1981-82, 1982-83 and 1983-84. That is the first relief. Interest and penal interest on STF for 1983-84 and 1984-85 have been waived. Then interest on Government loans is under consideration to be waived. It is under consideration that Government loans are to be converted into equity. Also the loan from SAIL is proposed to be converted into equity. These are the reliefs which have

either been granted or which are under contemplation.

SHRI KALYAN ROY: I am surprised that the Minister has stated that although the facts are true that 68 per cent of IISCO's losses are due to the burden of interest, he could not tell us even for any year for any period what is the rate of interest being paid by IISCO. Anyway, he has stated that he will furnish the information. So I am not going into it any more.

But, Sir, I quote from the Indian Iron and Steel Company's Annual Report, 1983 where the Board of Directors have stated what has been mentioned in the question itself and which has been admitted that the total loss is Rs. 71.05 crores, out of which the interest burden alone is Rs. 48.41 crores, which means 68 per cent of the total losses is because of heavy interest burden. Surprisingly, the Bureau of Public Enterprises of Government of India in its Public Enterprises Survey for 1982-83 has stated that the loss is not Rs. 71 crores, but—and I am quoting it, Sir—the Company showed a net loss of Rs. 65.76 crores, out of which the interest is Rs. 43.76 crores. Which statement is true? The actual losses are Rs. 71 crores or the losses, as the BPE has pointed out, are Rs. 65 crores? And the interest burden, according to the Board of Directors' report, is Rs. 48 crores and according to the BPE it is Rs. 43 crores. Which statement is correct? That is my first question.

Following from it, I would ask the Minister not to ruffle through his paper, but to pay attention to me...

MR. DEPUTY CHAIRMAN: You put your question.

SHRI DIPEN GHOSH: He is searching for the reply.

SHRI KALYAN ROY: Let him take his time if he is not fully informed today I do not know why.

MR. DEPUTY CHAIRMAN: Unnecessary comment.

SHRI KALYAN ROY: I think the Government should seriously consider this very unfair and discriminatory attitude to the public sector—the rate of interest. Under Mr. Salve there are mines, steel and aluminium. Mr. Salve came to an agreement with Birlas out of Supreme Court. Birlas did not pay Rs. 35 crores to the Aluminium Regulation Account. The out-of-court settlement was that Birlas will pay Rs. 23 crores in 48 instalments—I am not going into it. When I asked him how much interest they are charging from Birlas, Mr. Salve replied....

SHRI KRISHNA KUMAR BIRLA: Point of order. I think the honourable Minister... (Interruptions)...

SHRI PARVATHANENI UPENDRA: Let him put a supplementary if he wants...

(Interruptions)

SHRI KALYAN ROY: Mr. Salve replied that the rate of interest is under consideration and it may be charged at six per cent. A big monopoly company which has failed to pay to the Aluminium Regulation Account to the extent of Rs 35 crores—which you compromise for Rs. 25 crores—and it has not paid a single paisa as interest. They have to pay so much but you are thinking in terms of charging Birlas six per cent. Why is such a heavy burden being put on a public sector enterprise like steel? That is my question.

SHRI N. K. P. SALVE: So far as the first part of the question is concerned, he mentioned figures in the report he has referred to. Unfortunately, I did not have the benefit of having looked into it. But I have the balance sheet. The balance sheet figures indicate that the figures mentioned in the question are the correct figures. As to why there is variation between the two, if the hon. Member

were to write to me, I will reconcile it.

SHRI KALYAN ROY: It is a Government of India publication, it is a Finance Ministry publication; they distributed it to all the Members here... *(Interruptions)*...

SHRI N. K. P. SALVE: I am not for a moment challenging the authenticity of what he has said since it is a Government of India publication. But the mode of computation of profits for purposes of a report that the hon. Member is referring to could be different from the mercantile method. I have the balance sheet and the balance sheet figures are the very same... *(Interruptions)*... That is financial. It has a different basis; this has a different basis. I can assure him one thing, that between the two if there is any discrepancy he can haul me up, but give us time to reconcile the discrepancy. As to the second question on Birlas, though that is not at all germane—it is hardly relevant to this question—I really want to clarify his disapprehensions because he is obsessed with Birlas—I do not know why. What I had stated Sir, was that undoubtedly the matter was settled outside the Supreme Court so far as the INDALCO matter was concerned, and that was entirely because Birlas agreed to pay all the claims which we had before the Supreme Court.

SHRI KALYAN ROY: Minutes ten crores.

SHRI J. K. JAİN: Let him reply.

SHRI N. K. P. SALVE: I crave the indulgence of his patience a little, Sir. He is usually a very knowledgeable person unless he is motivated otherwise. If he would listen to me with a little objective evaluation, I have something to say. There I repeat that they agreed to every claim of ours, and I agreed to it only when they said that they were going to concede to every claim of ours which we had in the Supreme

Court. Any one possessed of his rational faculties would not keep on fighting in the Supreme Court when someone is coming forward to give the same to us. So far as the interest is concerned, the matter now is covered by the amendment to the IDR Act itself and we have no options in the matter. As to why the IDR Act has fixed the rate of six per cent, Mr. Kalyan Roy himself will have to answer because Parliament has fixed that rate. Every time there are questions of this nature and I hope after my answer it will put an end to these.

SHRI KALYAN ROY: In the public sector why are they paying more interest?

SHRI N. K. P. SALVE: Why the public sector is paying more and why it is six per cent here is a much larger issue. But what is important for my purpose is to point out that six per cent is entirely in terms of a statutory provision, and the enactment has been made by this House and the Lok Sabha.

SHRI PRANAB KUMAR MUKHERJEE: The other is interest on working capital. You cannot mix up these two.

श्री चतुरानन मिश्र : उपसभापति महोदय, मैं माननीय मंत्री महोदय जानना चाहूंगा कि यह जो इन्ट्रेस्ट है वह राष्ट्रीयकरण के पहले जब वह प्राइवेट था उसकी लायाबिलिटी के चलते कितना है और राष्ट्रीयकरण के बाद कितना है, यह दोनों हिसाब को कृपया अलग कर दीजिए ?

श्री एन० के० पी० साल्वे : मान्यवर, व्याज के जो आंकड़े बैलेंस शीट में दिए जाते हैं और हमने अलग-अलग दिए हुए हैं, इसमें इसको पृथक् नहीं बताया कि उसके पहले का कितना व्याज होता है और अभी का कितना व्याज होता है, क्योंकि हमारा एक्जुमुलेटड लास 231

करोड़ रुपये है, कितना पहले है और कितना बाद में है, यह आंकड़े निकालना असम्भव है।

श्री चतुरानन मिश्र : यह जब तक निकाला नहीं जाएगा रिस्पॉन्सिबिलिटी किस पर है ? इसकी जिम्मेदारी किस पर है ?

श्री उपसभापति : बस, हो गया; नेक्स्ट क्वेश्चन।

Delay in completion of the Vishakhapatnam Steel Plant

*262. SHRI M. S. GURUPADASWAMY: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether it is a fact that the Soviet Union has expressed its concern over the delay in the completion of the Visakhapatnam Steel Plant;

(b) if so, what are the reasons for the delay in completing the project; and

(c) what steps Government propose to take to expedite the project?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI N. K. P. SALVE): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) No, Sir.

(b) Does not arise.

(c) The progress of the project is being monitored regularly at different levels in order that prompt measures are adopted to ensure the requisite effort in a coordinated manner. These reviews do sometimes indicate uneven progress in various inter-dependent segments of the project. Therefore, regular review meetings are held with infrastructure agencies for expediting the

progress, and with equipment suppliers and consultants for proper co-ordination of progress of engineering and supply of equipment.

Having regard to the finances available and the very large financial requirements of the project, a thorough review of the schedule of the project has been completed in order to synchronise the implementation of the different interdependent segments of the project fully consistent with the technological and operating parameters, matching the production planned in the project with the market, and ensuring that expenditure is incurred in an optimal manner. On the basis of this review, stage one of the project is expected to be completed by 1987-88 and the stage two by 1991-92.

SHRI M. S. GURUPADASWAMY: Sir, I have gone through the statement, but it is not very clear to me. According to the original schedule, the first phase of the plant was to be commissioned by February 1, 1986. Now it has been staggered and the statement has given the date 1987-88 when it will be completed. It is a very inordinate delay so far as the commissioning of the first stage itself is concerned. Regarding the second stage, the statement gives the date of 1991-92. According to the original schedule, it had to be completed by the year 1987. That is the information I have got. What are the reasons for this inordinate delay? As a result of this, there has been a huge escalation of cost. According to my information, the original estimate was Rs. 2,256 crores and with escalation it will be round about Rs. 3,897 crores. According to his statement made somewhere—I do not know; he must confirm this—he has said that this also is not true, that the escalation will be bigger than this and the cost will be round about Rs. 7,000 crores. It is a very terrible cost which the country cannot bear. You have said that meetings have been held and various agencies have been consulted in the matter