

RAJYA SABHA

Tuesday, 3rd December 1957

The House met at eleven of the clock, MR. CHAIRMAN in the Chair.

ORAL ANSWERS TO QUESTIONS

EFFECT OF RISE IN THE BRITISH BANK RATE ON DURGAPUR PROJECT

*255. SHRI MAHESWAR NAIK: Will the Minister of FINANCE be pleased to state the possible impact of the rise in the British bank rate on the Durgapur Steel Project?

THE DEPUTY MINISTER OF FINANCE (SHRI B. R. BHAGAT): The effect of changes in the U.K. Bank rate on the Durgapur Steel Project will depend on how long the bank rate remains high and at what stage we draw upon this line of credit.

SHRI MAHESWAR NAIK: May I know to what extent the present estimate of the plant is being met from credit supplied by the U.K. and what is the stipulated amount?

SHRI B. R. BHAGAT: I did not follow.

SHRI MAHESWAR NAIK: I wanted to know to what extent the present estimate of the plant is being met from credit supplied by the U.K.

MR. CHAIRMAN: You asked about Durgapur and then you have come to the Second Five Year Plan.

(No reply.)

SHRI KISHEN CHAND: The hon. Minister said that it will depend on how long the British Bank rate will remain at the present level. May I know from the hon. Minister if it was not estimated in the preparations of our estimate of the Durgapur Steel Project that some part of it was going to be met from deferred payments? The Government must have prepared a scheme of how much money was

going to be provided by these deferred payments, and they must have taken into consideration the probable bank rate prevailing in England. So, I would like to know from the hon. Minister what the estimate is of this.

SHRI B. R. BHAGAT: The agreements with the Consortium of Bankers as well as the U.K. Government provide for two lines of credit—one is for £11.5 million from the Consortium of Bankers, i.e. a body of private bankers, and the other one from the U.K. Government.

SHRI KISHEN CHAND: At what rate of interest?

SHRI B. R. BHAGAT: I am coming to that. Let me not be interrupted like this in the beginning of my reply.

MR. CHAIRMAN: You gave him a long rope but now he is interrupting you in the middle.

SHRI B. R. BHAGAT: The other one is for £15 million. The rate of interest in the first case is 1 per cent. higher than the bank rate. In the other one, it is related to the rate of market borrowing plus 1/8 per cent. What we have done is, we have drawn half a million pounds. There is no limitation on us to draw all the amount at any particular time. Actually, the instalment to be drawn in October, we did not draw. That is what I have said. We can postpone drawing of the amount and not pay the higher rate of interest.

SHRI MAHESWAR NAIK: My question was: What was the estimate of the Durgapur Plant and whether the estimate has gone up on account of the rise in the bank rate in England?

SHRI B. R. BHAGAT: The question of the estimate going up comes in only when we draw the amount. At present the foreign exchange content remains the same. If we draw the amount, we will have to pay the higher rate of interest, but as we are not drawing the amount, the question

of the foreign exchange content going up, does not arise at present.

SHRI B. SHIVA RAO: There has been rise in the estimated cost of the Durgapur and other steel projects which, I believe, has been a substantial rise, and it is a continuing process. Has this fact come to the notice of the Finance Ministry and are any steps being taken or contemplated to be taken to control this tendency?

SHRI B. R. BHAGAT: That is a larger question. That matter is always under continuous examination and consideration. Some of the rise in the estimate is due to the fact that the nature of the projects has extended.

SHRI LAVJI LAKHAMSHI: Will the postponement of this credit affect in any way the time of the development of the scheme?

SHRI B. R. BHAGAT: No, Sir.

SHRI SONUSING DHANSING PATIL: May I know whether there is any minimum guarantee clause regarding the rate of interest, whether the money is drawn or not?

SHRI B. R. BHAGAT: No, Sir. As I said, in the agreement itself it is not provided that we will draw the amount at any particular time. We can draw the entire amount towards the end.

*256. [The questioner (Shri Perath Narayanan Nair) was absent. For answer, vide cols. 1397-1398 infra.]

REVIVAL OF THE PROHIBITION BOARD IN DELHI

*257. **SHRIMATI SAVITRY DEVI NIGAM:** Will the Minister of HOME AFFAIRS be pleased to state whether Government propose to revive the Prohibition Board which was constituted by the erstwhile State Government of Delhi in pursuance of a decision to that effect taken by the Delhi State Assembly?

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI B. N. DATAR): In view of the assistance available from the Central Prohibition Board and the Delhi Advisory Committee, it does not seem advisable to have a separate Prohibition Board.

SHRIMATI SAVITRY DEVI NIGAM: Is it not a fact that all the other Boards of the Delhi State have been revived long ago?

SHRI B. N. DATAR: Only those that are necessary have been revived, not all.

SHRIMATI SAVITRY DEVI NIGAM: What are the steps taken by the Home Ministry this year according to the already accepted prohibition policy, to promote prohibition?

SHRI B. N. DATAR: Government have taken all steps, and the policy that is being followed is that of gradual prohibition. There has been a substantial decrease in the quantity of the consumption of wine.

SHRIMATI SAVITRY DEVI NIGAM: May I know the total consumption of foreign liquor in the years 1954-55 and 1955-56?

SHRI B. N. DATAR: For the year 1954-55 it was 2,22,283. In the year 1955-56 there was a slight increase?

SHRIMATI SAVITRY DEVI NIGAM: By how much?

SHRI B. N. DATAR: The hon. Member could have seen that I was coming to that, if she had waited a little. I have got something up my sleeve also. For 1955-56 it was 2,62,692. In the current year, may I point out, it is only 1,48,000; it may go up by a few thousands but still there will be a substantial decrease.

SHRIMATI SAVITRY DEVI NIGAM: Is it a fact that the dry days have been reduced in the Ashoka Hotel and Jan Path Hotel?