

Shri Gajendra Prasad Sinha: Ferro Alloy Corporation, Tansar, Bombay, Kalinga Industries, Calcutta (which is in Orissa), and Sirajuddin & Co, Calcutta (which is also in Orissa).

Shri Panigrahi: May I know whether this particular licensee, Sirajuddin & Co., has had this licence for the last two years, but has not yet put up the plant, and whether that licence still holds good with that licensee?

Shri Gajendra Prasad Sinha: I have already said that Sirajuddin and Co, has placed an order for the plant, and they are trying to do their best to import it. It is expected that by the end of this year this will be completed.

Shri Surenranath Dwivedy: May I know whether there is any time-limit given to these licensees to start production after they get the permit?

Shri Gajendra Prasad Sinha: The time-limit is there, but sometimes, in view of the foreign exchange difficulty and difficulty in procurement of plants, the time has to be extended.

Shri Ansar Harvani: May I know what facilities are being provided to these licensees to import machinery etc.?

Shri Gajendra Prasad Sinha: They are being given all types of facilities which they need.

Shri Panigrahi: May I know when the plants are expected to go into production?

Shri Gajendra Prasad Sinha: I have already said that one has already started production, though at present it is engaged in the production of ferro-manganese. The moment demand increases internally or externally, it will switch over to the production of ferro-chrome.

Shri Panigrahi: Am I to understand that ferro-chrome production has not started, and only ferro-manganese is being produced?

Mr. Speaker: That is what he said. Why does he want further explanation?

International Finance Corporation

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		Shri Aurobindo Ghosal:
		Shri N. R. Munisamy:
		Shri B. Das*Gupta:
		Shri Assar:
		Shri M. V. Krishna Rao: Shri Rami Reddy:

Will the Minister of Finance be pleased to state

(a) whether it is a fact that the International Finance Corporation has agreed to invest 1.5 million dollars in the Republic Forge Company Limited, a new Indian company for the construction and operation of a steel forging plant near Hyderabad;

(b) if so, the details of the terms of the loan; and

(c) when the plant will be set up?

The Deputy Minister of Finance (Shri B. R. Bhagat): (a) The International Finance Corporation has agreed in principle to lend 1.5 million to the Republic Forge Company Limited for the construction and operation of a steel forging plant. This is subject to completion of the necessary legal formalities, the approval of the Government of India to the terms of the Agreement, and the procurement by the Company of the necessary licences.

(b) A statement is laid on the Table [See Appendix VI, annexure No 147].

(c) The plant has been designed and laid out for two stages of growth. The sponsors expect that construction will begin in the near future and the full rated capacity production of the first phase amounting to 5125 tons achieved during 1960. By installation of additional equipment starting in 1962, they propose to increase the installed annual capacity to 12000 tons in 1964.

Shri Ram Krishan Gupta: May I know whether any amount has been invested in this company so far?

Shri B. E. Bhagat: No, Sir. The agreement is still to be finalised.

Shri Ram Krishan Gupta: In the statement I find that IFC will also participate in the profits. May I know whether this amount of profit will be adjusted in the amount of interest?

Shri B. E. Bhagat: No, Sir. It is over and above that.

Shri N. E. Munisamy: The rate of interest seems to be about seven per cent on the amount drawn, and one per cent on the amount undrawn. It comes to about eight per cent over the amount. May I know whether there is any precedent for this one per cent on the undrawn amount in respect of loans already drawn by the Government?

Shri B. E. Bhagat: That is the usual procedure. This is called commitment charges, on the amount undrawn. It varies in different cases. It may be one per cent or half a per cent or a quarter per cent. It varies from loan to loan, but there is provision for such commitment charges.

Shri N. E. Munisamy: When does the Government come into the picture? Is it after the IFC enters into an agreement with the party, or before it?

Shri B. E. Bhagat: In this matter the Government does not come into the picture at all except to see that the agreement or the investment is in accordance with the approved policy of the Government declared from time to time. This is a purely private arrangement, and it is for the parties to determine whether the rate of interest or the other things are worth while, and they come to an agreement of their own accord. The Government only comes in at a later stage.

Shri N. E. Munisamy: In case the party fails in this attempt, will Government be asked to pay the loss?

Shri B. E. Bhagat: If the party fails to pay, Government has no liability in this matter.

Shri Assar: What is the capital of this Corporation?

Shri B. E. Bhagat: The total capital is Rs 80 lakhs.

Shri Rami Reddy: If an agreement is reached between the parties, may I know whether Government would grant permission?

Shri B. E. Bhagat: As I said, Government will see whether the agreement is in accordance with the policy approved and then give its consent.

Shri Ansar Harvani: Is it a fact that the Nizam's Trusts, whose affairs are under enquiry, have also invested money, and if so, do they fulfil the usual conditions or were some special conditions given to them?

Shri B. E. Bhagat: This is purely an arrangement between two private parties. Unless something comes to us, we do not know anything. Nothing has been referred to us.

Production of Pig Iron at Rourkela and Bhilai

*1944. **Shri Supakar:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the actual monthly production of pig iron at Rourkela and Bhilai Steel Plants since the first week of February; and

(b) the market value thereof?

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): (a) The production of pig iron at Rourkela and Bhilai since February, 1959 is as follows:

	Rourkela Bhilai	
	tons	tons
February, 1959	7,618	16,025
March, 1959	12,685	24,030
Upto 10th April, 1959	5,620	7,546.6