

of creating in the public sector an organisation capable of undertaking complete construction of modern integrated steel plants from the stage of site investigation to the stage of commissioning. National Projects Construction Corporation (NPCC) was incorporated in January, 1975 with the objective of undertaking construction work including fabrication of structures, erection and installation of equipment, etc. relating to dams, tunnels, barrages, bridges, irrigation projects, hydro-electric projects and thermal power projects. Bridge and Roof Co. India Ltd. (B and R) is a company taken over from the private sector. It was incorporated in 1920. Consequent upon Balmer Lawrie, the erstwhile Holding Company of B and R, becoming a subsidiary of Indo-Burma Petroleum Co., a Government Company, in 1972, B and R also become a Government Company. B and R ceased to be a subsidiary of Balmer Lawrie with effect from 1-12-78.

The objectives of setting up construction companies in the public sector are, briefly :

- to develop the necessary capabilities and capacities to undertake large and complex construction works relating to projects of national importance;
- to develop and become the repositories of expertise in specialised fields of construction;
- to generate pools of specialised equipment and man power relating to specialised fields of activities;
- to be pace-setters in the country in matters relating to construction costs, quality standards, performance norms, employment policies and professional ethics;
- to undertake works in difficult and inhospitable areas where private construction organisations generally do not wish to operate except at prohibitive rates;
- to undertake works of a classified nature; and
- to build up the requisite capabilities and capacities to undertake turn-key projects comprising planning, design and execution including supervision,

monitoring and control in the allied fields of specialisation;

It is a fact that some of the public sector construction companies are showing losses. This is due to reasons like over-manning, cash liquidity problems, particularly in foreign projects, dwindling order book position and time and cost over-runs due to delayed completion of projects. The companies concerned are looking into these problems with a view to coming up with solutions as to how best they can be overcome and their profitability can be increased.

(b) The Hon. Member is presumably referring to the extra expenditure on account of the 1% price preference which public sector construction companies are entitled to get from public sector clients. Investments in the public sector, including public sector construction companies, are made on overall grounds of public policy. Government are interested in ensuring that the capacities so created are utilised to the fullest possible extent. With this end in view, Government have decided on the present policy of extending 10% price preference to public sector undertakings subject to quality requirements and delivery schedules being met. The question, therefore, does not arise.

Loan to Agriculturists

2877. SHRI S. G. GHOLAP : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that Government of Maharashtra has asked permission to give loan to the agriculturists at the rate of 6 per cent and subsidise extra interest above 6 per cent;

(b) if so, the progress in the matter; and

(c) when it is likely to be given ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) The Government of Maharashtra had submitted a scheme for providing loans to small farmers at a subsidised rate of six per cent.

(b) and (c). The proposal was examined in consultation with RBI. The RBI is not in favour of making any deviation in the interest rate structure. The Government has also not concurred with the proposed scheme.