

- (iv) In 1997-98 an internal exercise of restructuring of capital and debt profile of the subsidiary companies of CIL was done. As a result of this internal capital restructuring, the paid up equity capital of ECL and BCCL increased by Rs. 1179.45 crores and Rs. 996.00 crores respectively by conversion of their debt to CIL into equity.

However, despite the above measures, ECL and BCCL are continuing to incur losses. A fresh package for turn-around of ECL has been proposed which is under consideration. Action has been initiated to formulate a turn-around plan for BCCL.

(f) and (g) The Government do not feel that the financial position of CIL itself is unduly alarming. However, the financial position of the two subsidiary companies of CIL namely ECL and BCCL is indeed alarming. These companies have engaged the services of a domestic financial institution and other experts to make recommendations in order to improve their operations and to reduce their individual losses.

'Samadhan' Scheme

761. SHRIMATI LAKSHMI PANABAKA:
SHRI LAKSHMAN SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether any concrete scheme in respect of 'Samadhan' which was introduced in the Union Budget 1998-99 has been worked out;

(b) if so, the details thereof; and

(c) the extent to which the scheme 'Samadhan' has been welcomed by the people?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) Sir, Kar Vivad Samadhan Scheme 1998 was introduced by Finance (No. 2) Act, 1998 with a view to reducing the arrears existing in various direct tax and indirect tax enactments, and pending litigation in relation to these arrears. The scheme which was in operation from 1.9.1998 to 31.1.1999 provided a quick and voluntary settlement of tax dues determined on or before 31.3.1998, by offering waiver of interest, penalty and a part of tax. The tax payers were required to withdraw the pending appeal.

(c) The Scheme has evoked very good response from tax payers. More than 48,000 declarations covering tax arrears of about Rs. 2800 crores have been filed under direct taxes, and more than 18,000 declarations involving tax arrears of Rs. 2000 crores have been filed under indirect taxes.

[Translation]

Production Cost of Steel

762. DR. CHINTA MOHAN:
PROF. PREM SINGH CHANDUMAJRA:

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

(a) whether the cost of steel production in India is more than that of the other countries of the world;

(b) if not, the cost thereof in countries like China, Japan, America etc. and the extent to which it is estimated to be higher than the average cost of production in India;

(c) whether the Government have modernised some of the public sector units to reduce the cost of production;

(d) if so, the percentage thereof; and

(e) the extent to which the cost of production of these modernised units likely to come down in comparison to the above said countries as a result of modernisation?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI RAMESH BAIS): (a) and (b) The cost of production of steel primarily depends upon prices of inputs such as iron ore, coal, steel scrap and energy, costs of freight and labour and financial charges. As per the latest estimates of the World Steel Dynamics published in March 1997, the cost of production of saleable steel in Bokaro Steel Plant of SAIL in 1997 was less than the cost of production of steel produced in other leading nations such as USA, Japan, Germany, France, South Korea etc. The details may be seen in the enclosed statement.

(c) to (e) Yes Sir, the public sector steel plants have taken measures to reduce production costs. Steps taken by SAIL to reduce production costs and to improve performance include:

— Modernisation and technological upgradation of its plants.

- Improved quality, product-mix and production in line with market requirements.
- Improving techno-economic factors viz., reduction in coke rate, energy consumption, metallic input, improvement in yield etc.

- Improving availability of equipment through effective maintenance.
- Strict Control and reduction in cost of production.

SAIL had planned to reduce the controllable production cost of saleable steel by about 7-8% during 1997-98

Statement

World Cost Curve Reference Plant Comparisons as of March 1997

Item	USA	Japan	Germany	France	S. Korea	Brazil	CIS	SAIL BSL
1	2	3	4	5	6	7	8	9
Major Material/ Tonne Shipped								
Coking Coal	32	34	39	38	38	50	36	61
Iron Ore/Sinter/ Pillets	61	60	69	67	62	50	71	28
Scrap (Before Credits)	48	45	46	46	51	48	28	42
I. Total Raw Materials Costs	141	139	154	151	149	148	135	131
II. All other material Costs	177	184	177	174	163	182	203	148
Labour Cost								
Employment Cost/ Hour	37	35	38	33	18	11.25	2.5	1.5
MH/Tonne	4.2	4.2	4.4	4.3	4.9	6.3	26.6	32
III. Total Labour Cost	155	145	166	142	89	71	66	48
IV. Total Operating Cost (I+II+III)	472	468	497	467	402	401	404	327

1	2	3	4	5	6	7	8	9
Financial Expenses	28	25	50	51	65	60	15	34
Depreciation Exp.								
Interest Expenses	10	27	10	17	12	24	12	31
V. Total Financial Exp.	38	82	60	68	77	84	27	65
Pretax Cost (IV+V)	510	550	557	535	479	485	431	392

Note: All the above data is for saleable steel.

Source: World Steel Dynamics, March '97.

[English]

Insurance Premium on Trucks

763. SHRI K. PARYMOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Insurance companies have any proposal to increase the insurance premium of trucks;

(b) if so, the details thereof and the reasons therefor;

(c) whether the Insurance companies have also decided to increase the claim ratio from the present 111 percent; and

(d) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) and (b) Tariff Rates are regulated by Tariff Advisory Committee (TAC), a statutory body established under the Insurance Act, 1938. The TAC had initially increased the premium rates for third party risks of motor insurance in three instalments effective from February 1998. However, on reconsideration the TAC has recently withdrawn further instalments of rate revision due in February 1999 and

February 2000 and only the first instalment revision effective from February 1998 is operative.

(c) No, Sir. The claim ratio is based on the actual loss experience and cannot be pre-determined.

(d) Does not arise.

Declaration of Metropolitan cities as A-1 City

764. SHRI K.C. KONDAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the Metropolitan cities in the country have been declared as A-1 Cities;

(b) if so, the number of Central Government employees in these cities have been given HRA and CCA at higher rates as per A1 City status and the population of these metropolitan cities;

(c) whether the Karnataka Government has declared that the population of Bangalore has crossed 60 lakhs;

(d) if so, the reasons for not declaring Bangalore as A1 City so far; and

(e) whether the Government propose to declare it as A1 City immediately?