

# LOK SABHA DEBATES

## LOK SABHA

Friday, July 26, 1991/Sravana 4, 1913  
(Saka)

*The Lok Sabha met at Eleven of the  
Clock*

[MR. SPEAKER in the Chair.]

### OBITUARY REFERENCE

[English]

MR. SPEAKER: Honourable Members, I have to inform the House of the sad demise of one of our former colleague Shri Kadiyala Gopala Rao.

Shri Kadiyala Gopala Rao was a member of the First Lok Sabha during 1952-57. He represented Gudiyada constituency of the then State of Madras.

A dedicated political and social worker, he took part in the movement for social reforms amongst women and conducted political classes to make them aware of their rights.

He was associated with various organisations connected with the welfare of peasants in different capacities.

Shri Rao passed away on 2 July, 1991 at the age of 79.

We deeply mourn the loss of this friend and I am sure the House will join me in conveying our condolences to the bereaved family.

The House may now stand in silence for a short while as a mark of respect to the deceased.

*The Members then stood in silence  
for a short while*

SHRI NIRMAL KANTI CHATTERJEE: What about obituary reference of Dr. V.K.R.V. Rao?

MR. SPEAKER: We are getting the confirmation. We are following the procedure.

Q. No. 163.

11.03 Hrs.

### ORAL ANSWERS TO QUESTIONS

[English]

#### Issue of Bonds by Konkan Railway Project Authorities

\*163. SHRI K. P. UNNIKRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Konkan Railway Project authorities had sought permission for issue of Bonds;

(b) if so, whether the permission has since been granted;

(c) if not, the reasons therefor; and

(d) how the Government propose to make resources available for this vital project?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE: (SHRI RAMESHWAR THAKUR):**

(a) Yes, Sir.

(b) Yes, Sir. Permission has already been granted to Indian Railway Finance Corporation for raising Rs. 150 crores by way of 9% tax free Bonds to meet the requirements of Konkan Railway Project during the current financial year.

(c) and (d) Do not arise.

**SHRI K. P. UNNIKRISHNAN:** Sir, I am sure, the hon. Finance Minister would agree with me that one of the major distortions of our development process has been the regional imbalance. One of the worst areas to suffer in this regard has been the coastal belt from Bombay to Mangalore. This has been a missing link in the Indian Railway system right from the beginning because it did not suit the British Imperialism. There was no troops movement. The National Transport Policy Committee strongly advocated for this line and Mr. T. A. Pai had initiated the process. But I must compliment my colleagues Shri George Fernandes and Shri Madhu Dandavate for having brought it into a reality. This Corporation has got a unique structure.

**SHRI RAMESHWAR THAKUR:** The State Government has also helped.

**SHRI K. P. UNNIKRISHNAN:** Certainly. The hon. Defence Minister and the State Government of Maharashtra have promptly paid for it also. It started as a Corporation so that it could cut through red-tapeism and also prevent operation scuttle by the treasury, the Ministry of Finance, with which the hon. Minister is very familiar. The total capital to be employed comes to Rs. 43 crores. Now the revised estimate would be Rs. 100 crores. A target date was given under the corporate plan that it should be completed by October 1994. And one of the persons who took the

keenest interest in this project was the present Defence Minister. In spite of all these, I find that still the operation scuttle continues. The Corporation asked for Rs. 250 crores in the first year. Part (b) of the answer reads as follows:

“Permission has already been granted to Indian Railway Finance Corporation for raising Rs. 150 crores...”

It is Rs. 100 crores less, when actually it should anywhere go to Rs. 400 crores. I would like to know, from the Minister when was this decision taken, the date on which it was conveyed to the Corporation and why it was Rs. 100 crores less than what was sought.

**SHRI RAMESHWAR THAKUR:** Actually the original cost was Rs. 1043 crores. One aspect I have to mention here is that, not only the Railways but the State Governments are also there. The other partners are the State Governments of Kerala, Karnataka and Goa. The ratio of percentage has been fixed. The Railways would get 51 per cent of the equity, or Rs. 250 crores, Maharashtra gets 22 per cent, Karnataka gets 15 per cent, Kerala gets 6 per cent and Goa gets another 6 per cent. This was the basis. Recently this was revised. As Shri Unnikrishnan said, it is not Rs. 1200 crores. It has been revised to Rs. 1200 crores plus the cost of the interest on the Bonds which comes to Rs. 1400 crores. The total cost envisaged is now estimated at Rs. 1400 crores out of which the requirement for the current year was up to June 1992, Rs. 250 crores for the current year and Rs. 150 crores has been distributed and accordingly permission for the bonds has been given for Rs. 150 crores. This would be sufficient for the current year up to March as per the requirements of the Corporation.

**SHRI GEORGE FERNANDES:** He has not answered one part of the

**Question.** When was this decision taken?

**SHRI K. P. UNNIKRISHNAN:** When was it conveyed to the Railways? Because we have an answer from the Railway Minister in this session itself, that you have not done anything. When was it conveyed to the Railways?

**SHRI RAMESHWAR THAKUR:** The date is 22nd July. And the amount, as I mentioned was Rs. 100 crores which was meant for April to June 1992 and for March 1992 the amount required as indicated is Rs. 150 crores for which permission has already been granted.

**SHRI K. P. UNNIKRISHNAN:** You have not answered the question. When was it conveyed to the Railways? And I think the Railway Minister has answered in this House, last week, that it had not yet come. When did you convey? That is the question. Do not sidetrack and go elsewhere.

**SHRI A. CHARLES:** This is an official answer.

**SHRI K. P. UNNIKRISHNAN:** What do you mean by an 'official answer'? Do not teach me procedure. *(Interruptions)*

**MR. SPEAKER:** You can send it in writing if you do not have it.

**SHRI RAMESHWAR THAKUR:** It is 22nd July, as I said.

**SHRI K. P. UNNIKRISHNAN:** Sir, now he has been—unfortunately he is a very dear friend of mine—talking like "*Aswathama Hatah*"...

*(Interruptions)*

**AN HON. MEMBER:** What is unfortunate in this? Say 'fortunately'. *(Interruptions)*

**SHRI K. P. UNNIKRISHNAN:** He does not want to come out with the whole truth. My whole charge is, and it is being substantiated from his answer, that there is a scuttle. For example, they are not clearing any foreign exchange required for certain special type of welding and other special requirements which involve lot of tunnelling in the whole process. This is one of the major tasks that has been entrusted to this Corporation and some unique construction methods are called for. They have not granted the foreign exchange and even in this he is not correct. By that time, that is by the second year or the next year, that is, by the time the bonds are floated and the money is extracted it will be August-September, 1992. He is not correct in saying that this amount will suffice.

So, he says, especially in reply to part (d) of my question, "How the Government propose to make resources available for this vital project?", simply "Does not arise". I do not understand his answer at all.

**SHRI JASWANT SINGH:** Because he does not intend to answer it.

**SHRI K. P. UNNIKRISHNAN:** Sir, I do not understand his answer at all. I want to know from the hon. Finance Minister whether he would give a specific assurance that the Corporation would be allowed to raise the additional amount required.

**SHRI RAMESHWAR THAKUR:** The entire amount is not required. The bonds are to be issued year-wise. The States have given their share and every year the percentage, which I have already said, will be contributed by the Railways and the State Government. The question of Bonds will come year-wise. And the necessary permission will be given year-wise...*(Interruptions)*.

**SHRI GEORGE FERNANDES:** Sir, the Minister is misleading the House. The State Governments are not required to pay money every year

and only the Railway Department is expected to pay money every year. They are only to contribute the equity in the first year, in the second year and it is very very negligible part in the next year. They are to pay only for two years. In the third year it is the pittance.

**SHRI RAMESHWAR THAKUR:** So far as the financial year 1992-93 is concerned, the approval will be given before April 1992. For the current year upto March 1992, approval has been given. For the next year, it will be given before March...*(Interruptions)*.

**SHRI K. P. UNNIKRIISHNAN:** What about the balance of Rs. 100 crores? They have asked for Rs. 250 crores. You have given only Rs. 150 crores.

**SHRI RAMESHWAR THAKUR:** That is what I am saying. The approval for Rs. 100 crores will be given before the end of March 1992. Upto March for the current financial year, an amount of Rs. 150 crores has already been sanctioned.

So far as financing of the entire project is concerned, this has to be done in due course in consultation with the Government and the Corporation and the pattern of Bonds will be decided. But so far as the next year is concerned, it will be decided before March 1992.

**SHRI K. P. UNNIKRIISHNAN:** Sir the Minister is not prepared to give any assurance.

**SHRI SHARAD DIGHE:** Sir, the main grievance is about the delay. This Corporation was formed on 19th June 1990. To the unstarred question dated 16-7-91 of Shri Unnikrishnan, it was replied that the Corporation has since approached the Controller of Capital Issues for clearance. Now the question is, when did they approach to the Government for this

clearance? You have said that the clearance has been given on 22nd July only, perhaps after the receipt of this question.

Secondly, the equity amount of the Corporation Rs. 250 crores has to be checked in by the Centre Rs. 128 crores; Maharashtra Rs. 55 crores; Karnataka Rs. 37 crores; Goa Rs. 15 crores and Kerala Rs. 15 crores. I want to know from the Minister as to what proportion to these States, the amount of Rs. 150 crores was sanctioned.

**SHRI RAMESHWAR THAKUR:** I have already given the breakup. Railways will give 51 per cent; Maharashtra Government will give 22 per cent; Karnataka will give 15 per cent; Kerala will give 6 per cent and Goa will give 6 per cent.

**SHRI SHARAD DIGHE:** Sir, my question has not been answered fully. I have asked a question, as to when was this permission for sanction sought?

**THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH):** Mr. Speaker, Sir, I think, the right hon. Member is correct that the sanction was given on 22nd July. I had a discussion with the hon. Minister for Railways. The question, why was it not given before, should be asked to the other side of the House.

**SHRI GEORGE FERNANDES:** Sir, the Minister is trying to be smart. I would request you Sir, to ask the Minister not to be smart because the Government that refused the sanction was the Government that was supported by your party. Please do not try to be smart in these matters. In this House let us not try to be smart with each other. Let us come out with the truth.

I would like to ask the Minister, when was the request first made by the Konkan Railway Corporation for sanction of the Bonds? Is it a fact the request for Rs. 250 crores was

decided when the Corporate Plan was worked out to complete this project by the end of 1994? I also want to know from the Minister whether the sanction of Rs. 150 crores today is primarily because you did not give the sanction at the proper time, which was before the end of the financial year 1990-91. And in the context of the Budget speech and the Industrial Policy that the Minister has outlined, in which he has talked about his own Perestroika and liberalisation, will the Konkan Railway Corporation be given a blanket sanction to take whatever steps that are needed to complete this work within the time that they have stipulated and which has again been reiterated by the Railway Minister yesterday while replying to the debate on the Railway Budget?

**SHRI RAMESHWAR THAKUR:** Regarding the first part of the question, the Konkan Railway Project authorities had approached the CCI on 6th of June, 1991. I think, the Hon. Member would be in a better position to say why the sanction was not given earlier. The sanction has been given by the Controller of Capital Issues on 22nd of July, 1991. Thereafter the whole thing has been worked out. There are certain premises for the issue of bonds. Those premises have been considered. According to the discussions, it was decided that the requirement for the current financial year is only Rs. 150 crores for which permission for issue of bonds has been granted.

So far as the last part of the question is concerned, no blanket permission is contemplated to be given because all the aspects have to be considered. Various State Governments are involved. So the permission has to be given on year to year basis but it will be given well in time.

**SHRI GEORGE FERNANDES:** It means that the budget speech of the Finance Minister and the industrial policy so far as construction of the

Konkan Railway is concerned, are being given a decent burial.

**SHRI RAM NAIK:** When the original scheme was conceived the rate of interest was fixed at 9 per cent. Subsequently the Government of India and the Reserve Bank have increased the lending rate by one per cent. Naturally those who wish to contribute also will look at the 9 per cent rate. Does the Government propose to increase the rate by one per cent so that those who are interested in purchasing the bonds will come forward and purchase the bonds?

**SHRI MANMOHAN SINGH:** Under the present Income Tax provisions we do not have any such proposal under consideration. I feel that the tax free bonds which carry the rate of 9 per cent provide adequate incentive for people to subscribe to such bonds.

**SHRI MUKUL BALKRISHNA WASNIK:** While intervening in the debate on the Railway Budget the Minister of State for Railways Shri Mallikarjun had given a clear commitment and reiterated that the Konkan railway project will be completed by the year 1994. There were lot of heated arguments. At that time also many Members put in their queries demanding how the Government, which has not made sufficient funds available to the project authorities, plan to complete the project in time. The answer to that question was not given. When the commitment is to complete it by 1994, I would like to know from the Hon. Minister in which manner the Government plans to fulfil the commitment which it has given on the floor of the House and outside the House also. If the Government is not giving blanket permission to the project authorities for the issuance of bonds, then what other alternative has the Government in mind which will ensure that the project will be completed in time?

**SHRI MANMOHAN SINGH:** I think the Hon. Members would appreciate that what is being done is for

the benefit of this Corporation itself. They do not need Rs. 250 crores this year. They need only Rs. 150 crores. Now this is a project which is going to be completed over a number of years. If you pile up interest obligations, it will only add to the cost of the project. Therefore, I think, it is in the interest of this Corporation that it should not raise money prematurely. They need during the current year only Rs. 150 crores. That has been cleared. They need Rs. 100 crores in the first quarter of 1992-93 and as my colleague, the Minister of State, has mentioned, that would be done before the end of the current year.

**SHRI NIRMAL KANTI CHATTERJEE:** Sir, the Konkan Railway Project also was conceived as a noble approach wherein the States were asked to participate in the equity stage. Part A of my question is in view of the fact that the budget proposals will have a devastating effect on the State, will the Central Government contribute to the State fund so that other States also participate with the co-operation of the Railways, floating such corporations for railway lines to be laid in their areas and part B of my question is will the Government—the Finance Department—permit the term lending institutions to lend their money to this Konkan Railway Project?

**SHRI MANMOHAN SINGH:** Sir, I think, it is not correct that the Budget, that I presented to this August House day before yesterday, will have any adverse effect on the States. In fact, I have mobilised resources for the benefit of the States. I thought that the hon. Members and the State Governments would show some appreciation for resource mobilisation effort that I have done on their behalf. I have not imposed any burden on the State Governments. I have improved their resource position. Therefore, this inference that my Budget will have any devastating effect on the State Governments, I am afraid, is not correct.

Now, as far as the question of the term lending institution is concerned, most term lending institutions do not float tax free bonds. I do not think that this Corporation can pay the rate of interest which term lending institutions would charge. If you look at the Economic Survey, the hon. Member and the former Railway Minister, Shri George Fernandes, himself would recognise that asking this Corporation to go to the term lending institution is to condemn this project right from the inception to non-viability.

### M. P. Fund

\*164. **SHRI RAM NAIK:** Will the Minister of FINANCE be pleased to state:

(a) whether the Government had received representations from some Members of Parliament in 1990 to constitute an M. P. Fund to be spent by the Government on the suggestions of the concerned M. P. on the lines of M.L.A. Fund constituted and being spent in some States;

(b) if so, the details thereof; and

(c) the reaction of the Government thereto?

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTARAM POTDUKHE):** (a) to (c) A statement is laid on the table of the House.

### STATEMENT

(a) and (b) Yes, Sir, Suggestions were received from some Members of Parliament during 1990 for constitution of an M.P. Fund for undertaking small development works in each Lok Sabha Parliamentary Constituency on the suggestions of the concerned Members.

(c) The allocation of State Plan Funds is made by the Planning Commission after discussion with representatives of the concerned States and the Central Ministries, sector/sub-