

**GOVERNMENT OF INDIA  
STEEL  
LOK SABHA**

UNSTARRED QUESTION NO:3999  
ANSWERED ON:18.04.2002  
REVIVAL OF MECON  
LAXMAN GILUWA

**Will the Minister of STEEL be pleased to state:**

- (a) whether the Government have fully explored the potentials and means of revival of MECON;
- (b) if so, the details thereof;
- (c) the number of employees of MECON who availed VRS during the last three years, category and level wise;
- (d) whether major problems in viability of MECON is due to accumulation of huge un-recovered outstanding payments from its clients over the past years; and
- (e) if so, the details thereof and the status of recovery of outstanding payments as on date?

**Answer**

MINISTER OF STATE OF THE MINISTRY OF STEEL (SHRI BRAJA KISHORE TRIPATHY)

(a) Government have taken certain steps for revival of MECON.

(b) The details are as follows:

- Voluntary Retirement Scheme (VRS) - Government has provided guarantee for raising a loan of Rs.25 crores to MECON Ltd. with the provision of interest subsidy to reduce its manpower through VRS.
- Roll back of retirement age - In order to reduce its manpower, MECON Ltd. has rolled back retirement age of its employees from 60 years to 58 years.
- Diversification of jobs - Due to lack of sufficient work order in the steel sector, MECON has diversified its operations into non-steel sectors like petrochemicals, infrastructure projects such as Power, Drinking Water, Ports & Harbours and Highways etc.
- Disinvestment - The Government has taken a decision in October 2001 to allow disinvestment of 51% equity in MECON Ltd. in favour of a strategic partner with a provision for disinvestment of up to 10% equity from out of the equity held by the Government of India, in favour of employees. An Advisor to implement the disinvestment process has been appointed recently.

(c) A total of 431 employees have availed VRS during the last 3 years i.e. 1999-2000, 2000-01 and 2001-02. The position with regard to category and level-wise is being collected and will be laid on the Table of the House.

(d)&(e): Yes, Sir. One of the problems affecting the viability of MECON is the accumulation of large outstanding payments from its clients.

Details of outstanding payments owed to MECON by some of the major clients are as follows: -

Client Outstanding (Rs. in crores)

Rourkela Steel Plant	35
HSCO	1.43
ONGC	3.66
Bokaro Steel Plant	5.13
Durgapur Steel Plant	2
TNEB	3.2
SISCOL	2.77
Rajinder Steel Plant	2
Ordnance Factory, Ambernath	1.51
NINL/KMCL	6.75
Mideast	1.55
Nav Dhatu Udyog Ltd.	1.14
Shri Vishnupriya Ind. Ltd.	1.01

All efforts are being made by the company with the help of the Government to realize the outstanding dues from its clients.