

weapons State' implies that nuclear weapons will be inducted into the Army.

The reply which is being given today, is it because we are buckling under pressure from others or is it because as if we are refusing to see the security concern? This was stated by the Government in this House that because in the neighbouring countries nuclear weapons have been amassed so India needs to go nuclear. When we have said that we are a 'Nuclear Weapons State', then was it implied that nuclear weapons will be inducted into the Army, or was it because of the pressure which is coming from others that today this statement is being made by the hon. Minister of Defence?

SHRI GEORGE FERNANDES : There is no question of buckling under any pressure from any source or from any quarter.

In so far as the hon. Member's point about inducting nuclear weapons in a particular Force is concerned, I do not believe that it is wise to make any statement in regard to this matter. *(Interruptions)*. Yes, being a 'Nuclear Weapons State' is one thing and which are the sectors in the Army or in the Navy or in the Air Force and so on and so forth is not the . . . *(Interruptions)*.

PROF. P.J. KURIEN : Sir, we seek your protection. He makes statements outside this House. *(Interruptions)*.

MR. SPEAKER : No, please, Please take your seat.

*(Interruptions)*

SHRI ARIF MOHAMMED KHAN : Sir, the reply has not come to my question. *(Interruptions)*. What is the definition of a 'Nuclear Weapons State'? Kindly protect my right. *(Interruptions)*.

SHRI S. JAIPAL REDDY : I have been a long admirer of Shri George Fernandes, as a great democrat who believes in public debate on public issues. Though he is keeping a strange company, I continued to be his admirer. But the doctrine of secrecy does not lie well in his mouth. I am not saying that the Government should take us into confidence in regard to its decisions. If a Committee has made . . . *(Interruptions)*.

AN HON. MEMBER : Sir, is it Question Hour or a debate?

MR. SPEAKER : Please take your seats. I have allowed him.

*(Interruptions)*

SHRI ARIF MOHAMMED KHAN : Sir, will you ask the hon. Minister to define what a Nuclear Weapon State is? . . . *(Interruptions)*. I asked but he did not reply.

MR. SPEAKER : Shri Jaipal Reddy, please put your Supplementary.

SHRI S. JAIPAL REDDY : Sir, if the Expert Committee has made recommendations which are under the consideration of the Government, the recommendations can be made public because those recommendations need to be considered and discussed by the country. The decision in such a matter cannot be taken only by the Government. If you are going to make the Report known to us after the Government takes a decision, it will be improper. I, therefore, suggest to the Minister whether he will consider making the Report public.

SHRI GEORGE FERNANDES : Sir, the Report cannot be made public till it has been finally considered by the Government.

*[Translation]*

SHRI SATYA PAL JAIN : Mr. Speaker, Sir, the question of National Security Council is also directly linked with our armed forces. The sitting officers and retired officers of the armed forces have since long been raising 2-3 issues regarding their pay and allowances, their status after their retirement and the way their position is being lowered continuously in the warrant of precedence. Whether the hon. Minister of Defence while constituting security council will take care of other issues also and such issues will also be brought within the preview of security council so that a solution to them could be found?

SHRI GEORGE FERNANDES : Mr. Speaker, Sir, the question has nothing to do with this issue.

*[English]*

#### Losses Suffered by Rourkela Steel Plant

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\*524. SHRI RANJIB BISWAL :  
SHRI JUAL ORAM :

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

(a) the total production of different types of products in Rourkela Steel Plant after its modernisation, year-wise;

(b) whether the Rourkela Steel Plant is running at losses due to increase in production cost;

(c) if so, the details thereof, alongwith the total loss suffered during each of the last three years; and

(d) the steps taken by the Government to make it profitable?

THE MINISTER OF STEEL AND MINES (SHRI NAVEEN PATNAIK) : (a) to (d) A Statement is laid on the Table of the Lok Sabha.

### Statement

(a) Modernisation of Rourkela Steel Plant is still in process. The capacity of production of different products after modernisation, and actual production during the last three years, are as under :-

(Unit'000 T)

Product	Capacity After Modern.	95-96 Actual	96-97 Actual	97-98 Actual
SEMIS		47	65	37
PLATE MILL PLATES	299	255	247	240
HOT ROLLED COILS/PLATES	473	329	363	380
COLD ROLLED COILS/SHEETS	433	223	213	224
GALVANISED SHEETS	160	141	151	161
COLD ROLLED GRAIN ORIENTED/COLD ROLLED NON ORIENTED	74	38	35	30
HOT ROLLED ELECTRICAL SHEETS	17	11	0	0
TIN PLATES	85	23	13	29
ELECTRIC RESISTANCE WELDED PIPES	75	38	36	42
SPIRAL WELDED PIPES	55	43	57	39
<b>TOTAL SALEABLE STEEL</b>	<b>1671</b>	<b>1148</b>	<b>1180</b>	<b>1181</b>

(b) and (c) Rourkela Steel Plant has suffered losses during last 3 years as under

(Rs. in Crores)		
1997-98	1996-97	1995-96
(-) 374	(-) 316	(-) 57

\*Provisional subject to CAG Audit.

Losses are due to the following :

- \* Sluggish demand for steel, and greater competition from imports arising due to lower international prices and lower duties.
- \* Escalations in input prices primarily of coking coal, petroleum products, power, transportation etc. which could not be fully neutralised by increase in the prices of steel.
- \* Higher interest cost which the plant had to absorb because of part-capitalisation of modernisation schemes and higher inventory level.
- \* Increased depreciation due to capitalisation, as under :-

(Rs. in Crores)			
	1997-98	1996-97	1995-96
Interest	333	282	200
Depreciation	127	120	95

\*Provisional subject to CAG Audit.

(d) Some of the important measures taken by SAIL to improve the performance of RSP, interalia, include :

- \* Improving techno-economic parameters i.e. reduction in coke rate, improvement in Blast Furnace Coke yield, Blast Furnace Productivity, etc.
- \* Improving quality of products, product-mix and production in line with market requirement.
- \* Increasing sales through aggressive & customer oriented marketing.
- \* Greater emphasis on cost control measures etc.

SHRI RANJIB BISWAL : Hon. Speaker, Sir, in the statement laid on the Table of the House, the Minister has stated that the projected production of steel is 1671 thousand tonnes but the actual production is around 1181 thousand tonnes. The modernisation of the Rourkela Steel Plant had been going on for the last three to four years and crores of rupees have been spent on this modernisation. But if you go by the hon. Minister's statement, in 1995-96, the loss was Rs. 57 crore which has risen to Rs. 374 crore in 1997-98. I would like to know from the hon. Minister who had prepared this project, how much money has been spent on this project, what is the production cost of steel now, and how the Minister is going to cut the production cost.

SHRI NAVEEN PATNAIK : Sir, first of all, I would like to tell the hon. Member who has asked the question, that production and production cost have been laid amply on the Table of the House. If he would like me to read through that, I would be very happy to do that, but it has been substantially laid on the Table of the House.

As regards the second part of the question, originally, in 1988, the modernisation of the Rourkela Steel Plant envisaged an outlay of Rs. 2,461 crore, but later on, in 1992, this was revised and the total sum envisaged was Rs. 3,954 crore.

After that another anticipated cost of Rs. 5,112 crore came up in 1997. I wish to tell the hon. Member in reply to his question that these huge costs have been inherited by Our Government. In 1988, the Government was of Shri Rajiv Gandhi, and in 1992, the Government was of Shri Narasimha Rao. I would like to mention that we are trying to improve the situation.

SHRI RANJIB BISWAL : But the statement says that in 1995-96, the loss was Rs. 57 crore and now it has risen to Rs. 374 crore. What I was asking is how the Minister is going to cut the losses.

SHRI NAVEEN PATNAIK : Sir, as I understand the question of the hon. Member . . . (Interruptions)

SHRI AJIT JOGI (RAIGARH) : Please do not blame your predecessors. Tell us what you are going to do.

SHRI NAVEEN PATNAIK : All right. I shall tell you how we are going to rectify the situation. We shall . . . (Interruptions)

SHRI AJIT JOGI : His revered father was the Chief Minister . . . (Interruptions)

SHRI NAVEEN PATNAIK : Sir, I would appreciate if the hon. Member from the Opposition does not make personal remarks. This is uncalled for.

SHRI AJIT JOGI : This is not a personal remark. You are referring to your predecessors. . . . (Interruptions) You mentioned the names. So, we are also entitled to mention names. . . . (Interruptions)

PROF. RITA VERMA (Dhanbad) : They have ruined the economy totally. Now, they are asking us. . . . (Interruptions)

SHRI AJIT JOGI : Sir, he has mentioned the name of Shri Rajiv Gandhi. . . . (Interruptions)

SHRI NAVEEN PATNAIK : Sir, I may be allowed to answer the question of the hon. Member. I would tell the factors responsible for losses in Rourkela Steel Plant. The losses are there because the steel industry as a whole is facing a sluggish demand, a greater competition as

imports are rising due to lower international prices, enhancement of supplies in domestic markets and an increase in interest margin. The profits were adversely affected due to escalation of prices, primarily of coaking coal, petroleum products, power, transportation etc. which could not be fully neutralised by better techno-economic parameters and increase in the prices of steel.

MR. SPEAKER : Mr. Minister, he is asking about how to mitigate the losses.

SHRI NAVEEN PATNAIK : I am giving a reply to that. The RSP had to absorb high interest rate costs because of per-capitalisation of modernisation scheme and higher inventory level. Capitalisation also results in absorption of higher depreciation. The measure that the SAIL has taken in this regard, to improve the performance of the RSP, is improvement of techno-economic parameters . . . (Interruptions)

SHRI P. UPENDRA : It is laid on the Table of the House.

[Translation]

DR. SHAKEEL AHMAD : The answer being given to the question is not relevant. . . . (Interruptions)

[English]

SHRI NAVEEN PATNAIK : Sir, I am trying to reply to the question of how Rourkela Steel Plant . . . . . (Interruptions) I am trying to give a reply to the hon. Members. If they have patience, then I would be able to tell what our plans are.

MR. SPEAKER : Mr. Minister, please complete your reply.

SHRI NAVEEN PATNAIK : Sir, the SAIL has taken a number of steps to improve Rourkela Steel Plant. (Interruptions)

MR. SPEAKER : Shri Jual Oram.

SHRI JUAL ORAM : Mr. Speaker, Sir. . . . (Interruptions)

SHRI RANJIB BISWAL : Sir, I have to ask the second supplementary.

MR. SPEAKER : You have asked two supplementaries.

SHRI RANJIB BISWAL : No, Sir. . . . (Interruptions)

MR. SPEAKER : Shri Jual Oram, please take your seat. I will call you later. He has to complete his supplementary. . . . (Interruptions)

SHRI RANJIB BISWAL : Mr. Speaker, Sir, before I come to the supplementary, I would like to remind the hon. Minister that during Shri Narasimha Rao and late Rajiv

Gandhi's time, SAIL and RSP were making profits. I was an employee of SAIL before coming to this august House. I know that they were making profits. Now they are incurring losses . . . (Interruptions). You can say that this is wrong. . . . (Interruptions)

PROF. RITA VERMA : You go and ask this to Shri Narasimha Rao and Shri Santosh Mohan Dev. They know it. . . . (Interruptions)

MR. SPEAKER : Shri Biswal, please ask your supplementary.

SHRI RANJIB BISWAL : Has the BSP made any study of production cost of other steel plants in the country? If so, what is the position as compared to RSP?

SHRI NAVEEN PATNAIK : Sir, I am very happy to give financial position of other steel plants. . . . (Interruptions). Sir, they are not allowing me to reply to any of their questions. . . . (Interruptions). Sir, am I going to be permitted to reply to their questions? . . . (Interruptions)

MR. SPEAKER : Dr. Shakeel Ahmad, you are always disturbing the House. Please take your seat.

(Interruptions)

SHRI S. JAIPAL REDDY : Sir, there is a need to ensure prevention of torture of the Minister (Interruptions)

SHRI NAVEEN PATNAIK : Sir, may I complete the reply? . . . (Interruptions). The hon. Members from the Opposition side should allow me to reply when a question has been asked. I am very glad to reply to him. I should be permitted to do so. . . . (Interruptions).

MR. SPEAKER : Shri Ajit Jogi, why are you making this running commentary?

SHRI NAVEEN PATNAIK : Sir, the RSP is one of the highest steel producing plants. I will give the hon. Member various elements of total expenditure of RSP in 1997-98. In raw material, it is approximately Rs. 42%; in salaries, it is approximately Rs. 14%; in stores, it is Rs. 12%; in power and fuel, it is Rs. 11%; in repairs, it is around Rs. 1% and other expenses come to Rs. 2%. . . . (Interruptions)

MR. SPEAKER : Please, let him complete.

[Translation]

DR. BIZAY SONKAR SHASTRI (Saidpur) : Mr. Speaker, Sir, if the Government do not take note of our complaints that will not be healthy trend. . . . (Interruptions)

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF TOURISM (SHRI MADAN LAL KHURANA) : Mr. Speaker, Sir, the hon. Minister should be given

protection. Before listening to his reply the hon. Members are interrupting him. . . . (Interruptions)

[English]

SHRI RAJESH PILOT : Sir, we need your protection. We had asked a pointed question. . . . (Interruptions) He has asked the comparative figures of RSP vis-a-vis other steel plants. He should tell whether the production cost is higher or lower. . . . (Interruptions). He has not answered to it properly.

MR. SPEAKER : He is giving the reply.

(Interruptions)

MR. SPEAKER : The Minister is giving the reply.

(Interruptions)

SHRI RAJESH PILOT : Sir, this is not correct. . . . (Interruptions)

MR. SPEAKER : Please understand. This is not good. The Minister is giving the reply, please take your seats. Mr. Minister, would you like to respond?

(Interruptions)

MR. SPEAKER : The Minister is giving the reply, please take your seats.

(Interruptions)

SHRI RAJESH PILOT : Sir, the hon. Member had asked a very pointed question, and the question is very clear. He wanted to know about the comparative figures pertaining to the production cost of steel in various public sector undertakings. . . . (Interruptions)

SHRI MADAN LAL KHURANA : He is giving the figures.

MR. SPEAKER : The Minister is giving the reply, please take your seats.

SHRI NAVEEN PATNAIK : The cost of production of steel in the last three years is as follows. In the Rourkela Steel Plant, in 1997-98, it was Rs. 17,900 per tonne; in 1996-97, it was Rs. 17,880 per tonne, and in 1995-96, it was Rs. 16,731 per tonne. . . . (Interruptions)

SHRI RANJIB BISWAL : Sir, this is not the reply that I have asked for. . . . (Interruptions)

SHRI NAVEEN PATNAIK : Please have patience, In Durgapur Steel Plant, in 1997-98, it was Rs. 14,500 per tonne; in 1996-97, it was Rs. 13,304 per tonne, and in 1995-96, it was Rs. 12,816 per tonne. In Bokaro Steel Plant, in 1997-98, it was Rs. 9,850 per tonne; in 1996-97, it was Rs. 9,719 per tonne, and in 1995-96, it was Rs. 9,109 per tonne. In Bhilai Steel Plant, in 1997-98, it

was Rs. 12,500 per tonne; in 1996-97, it was Rs. 11,900 per tonne, and in 1995-96, it was Rs. 11,350 per tonne. . . . (Interruptions)

SHRI RAJESH PILOT : Sir, the hon. Member wanted to know whether the cost of production is high in comparison with other steel plants. But the Minister is reading out the figures. This is not correct. (Interruptions)

[Translation]

SHRI JUAL ORAM : Mr. Speaker, Sir, the way the scam has taken place. I would like to know . . . (Interruptions) [English] We wanted to know what made the then Minister of Steel to inaugurate the modernisation project in the year 1986?

[Translation]

According to the report of the Steel Minister, modernisation work is on. When the work is on, how is it that the hon. Minister inaugurated in the middle when this thing took place, the Minister-in-charge of the Department. . . . (Interruptions)

[English]

MR. SPEAKER : What is your supplementary?

[Translation]

SHRI JUAL ORAM : Mr. Speaker, Sir, during the congress regime the cost of the Rs. 2461 crore modernisation project was raised to Rs. 5112 crore . . . (Interruptions) Was the cost escalation real or it was political . . . (Interruptions) That is why the plant is incurring loss. There should be a CBI enquiry into this modernisation package.

[English]

SHRI NAVEEN PATNAIK : In reply to the question of the hon. Member from Sundargarh, I would like to say that only one synter plant was inaugurated. . . . (Interruptions)

SHRI SUNIL KHAN : The Rourkela Steel Plant was sanctioned by the Government in October, 1989 at an estimated cost of Rs. 2,461 crore with a completion schedule by December, 1995. The anticipated cost of modernisation is now estimated at Rs. 5,112 crore, but the modernisation is not complete till date. I have gone through your reports regarding escalation and others. But if I deduct Rs. 2,461 crore from Rs. 5,112 crore, and that will come to Rs. 2,651 crore. I would like to know whether Rs. 2,651 crore was spent on modernisation cost or Additional Maintenance Rehabilitation is allowed. If it is so, then there will be unholy alliance between the contractors and the management. I demand an inquiry by the CBI into the matter.

SHRI NAVEEN PATNAIK : In reply to the first part of the hon. Member's question, I would like to say that maintenance has nothing to do with modernisation. The question put to me is about modernisation of Rourkela Steel Plant.

SHRI BIKRAM DEO KESHARI : The CAG report has not been presented to the House. I would like to know from the hon. Minister when the CAG report will be presented. Secondly, the loss in 1995-96 was Rs. 57 crore. Now it has jumped up to Rs. 374 crore. This indicates that there are lapses in the administration of Rourkela Steel Plant. Will the Government initiate a CBI inquiry into these losses and into the modernisation project of the Rourkela Steel Plant?

SHRI NAVEEN PATNAIK : In reply to the question of the hon. Member from Kalahandi, I would like to say that a CBI raid was conducted in June, 1998 in the houses of ten officers of Rourkela Steel Plant ranging from Junior Manager to Assistant General Manager.

12.00 hrs.

The Report from the CBI has not yet been received. In the meanwhile, the management of Rourkela Steel Plant has taken action and suspended three of these officers. The CBI inquiry is related to certain works which were going on.

MR. SPEAKER : What about modernisation?

SHRI NAVEEN PATNAIK : As far as modernisation is concerned, we have not asked for any CBI enquiry.

## WRITTEN ANSWERS TO QUESTIONS

[English]

### Housing Projects in Assam

\*525. SHRIMATI RANEE NARAH :

SHRI A. SIDDARAJU :

Will the Minister of URBAN AFFAIRS & EMPLOYMENT be pleased to state :

(a) the Housing Projects under consideration of HUDCO as on date, State-wise; and

(b) the details of the schemes approved and the funds allocated by Housing & Urban Development Corporation during 1997-98 and 1998-99, State-wise?

THE MINISTER OF URBAN AFFAIRS AND EMPLOYMENT (SHRI RAM JETHMALANI) : (a) As on date there are 307 housing projects seeking HUDCO loan assistance of Rs. 72563.34 lakh which have been received in Housing and Urban Development Corporation Ltd. (HUDCO) from