

- (f) The expenditure on this project upto the end March, 1989 is about Rs. 75 lakhs.

SHRI MOHD. AYUB KHAN: I thank the Government, the Prime Minister and the Minister for having taken a decision to start this project in Panthal in Jammu and Kashmir. I would like to know whether any deadline has been fixed for the presentation of the DPR and also the amount of foreign exchange which will be saved when the project goes into production.

SHRI M.L. FOTEDAR: I think the hon. Member wants to know whether any deadline has been fixed for the completion of the project. This is a project the first of its kind in this State. I would like to tell the hon. Member that the Detailed Project Report is under preparation and during the current year, it will be finalised. It will take two and a half years to complete the project from the date of start. Once the project is fully operational we will be saving about Rs. 10 to Rs. 15 crores of foreign exchange per year.

SHRI MOHD. AYUB KHAN: I want to know the number of technical and non-technical people who will be employed in this project from the State of Jammu and Kashmir.

SHRI M.L. FOTEDAR: I have already given the figures about the number of people who will get employed. 60 persons will be of the level of officers and supervisors and workers will be of the order of 240. I can tell the hon. Member that all of them will be Indians first and Indians last.

SHRI MOHD. AYUB KHAN: I wanted to know the number of labourers to be employed in this project belonging to the State of Jammu and Kashmir.

SHRI M.L. FOTEDAR: Perhaps the hon. Member wants to know as to how many local or permanent residents of the State will be employed in this project. I am not unaware about the sensitivity of the matter. However we will keep this in view as and

when the appointments are made in the project.

Price Increase in cost of Ships

*664. SHRI E. AYYAPU REDDY†:
DR. B.L. SHAILESH:

Will the Minister of SURFACE TRANSPORT be pleased to state:

(a) whether the sharp price increase in the cost of ships has seriously affected the efforts of the Shipping Corporation of India and other shipping companies to add to the existing tonnage;

(c) if so, how Government propose to meet the situation; and

(c) the tonnage expected to be acquired and added to the Indian fleet during the current year?

THE MINISTER OF STATE OF THE MINISTRY OF SURFACE TRANSPORT (SHRI RAJESH PILOT): (a) to (c). A Statement is given below.

STATEMENT

- (a) The increase in cost of ships has also been accompanied by increase in freight rates and there is no clear evidence that the viability of investments in this sector has been adversely affected. Increased prices however require higher initial investment which causes difficulties.
- (b) Increased price of ships is a global phenomenon outside the sphere of Government's control or influence. Government have simplified the procedure for acquisition and eliminated delays in processing application for ship acquisition.
- (c) 3.81 lakhs GRT is expected to be acquired and added to the Indian fleet during the current year.

SHRI E. AYYAPU REDDY: Sir, I am very sorry that he has not given any information asked for in my question. I feel sorry why I put the question because the question cost so much to the State and the exchequer. Here is an answer which has evaded to give an answer.

MR. SPEAKER: At least you are very much concerned about the expenditure. Yesterday, about fifteen Members were absent.

SHRI E AYYAPU REDDY: All the answer that I got is : Increased prices however require higher initial investment which causes difficulties. In the question, I had said that the difficulties were there being faced by the Shipping Corporation and other private companies, how was the Government going to help them? There is no answer for that. Is the Government going to help the Shipping Corporation by arranging soft-term loans or by increasing its equity or whether it has taken into consideration the present market rates and the ability of the Shipping Corporation and other companies to go and purchase new ships? How are you going to achieve the target of 3.81 lakhs GRT?

SHRI RAJESH PILOT: The hon. Member has pointed out that we have not given an answer to his question. If he kindly goes through parts a), b), c), he will find that we have tried our best to answer his question in our method of answering. He asked for tonnage expected to be acquired and we have given the figure. He asked for reasons and the efforts Government was making. Sir, the Shipping industry was in recession for a long time. From 1974 till the beginning of 1987, shipping was totally in recession all over the world. The freight rates were very low and the shipyards were totally closed all over the world. It is good that the Indian shipping sustained the recession. On our part, we liberalized our system of acquisition of the ships etc, about which I had mentioned in my answer to the earlier question. The main thing is that earlier nearly one and a half years used to take to get permission from the Government for acquisition of ships from

abroad. The *pari passu* condition, has been relaxed. Today, I am happy to inform that within four weeks, we tell the company which wants to acquire a ship, yes or no, which has helped a great deal. The position as on 31.3.1989 was that while we had approved acquisition of 126 ships, only 33 had been acquired. It means that the Government is not delaying; Government is clearing it within the minimum possible time.

I was talking to one ship owner the other day. He was saying that when earlier we used to go to the market for purchase of ships and when we used to tell them that we were from India, they would indicate the prices existing on that day plus twenty five per cent. This was because they would say that by the time we went back to them for purchase of ships, the prices would have gone up by 25 per cent. But, now within four weeks, we are giving them the permission. That is more important and the most important thing that the Government has done.

There are certain other measures which we have taken. It is a big list; I would send it to the hon. Member so that he knows about our efforts in this direction.

SHRI E. AYYAPU REDDY: The hon. Member has said that they have simplified the procedure for giving permission. When actually, there was a recession and the ships were being sold at throw-away prices, the Shipping Corporation and other people were not able to purchase them because of procedural difficulties. Now, when they are facing financial stringency and are not in a position to purchase ships, they say that they have simplified the procedure. What is the additional benefit of simplifying the procedure? They want financial assistance. How are they going to arrange financial assistance for the Shipping Corporation? Will the hon. Minister tell us what is the debt and equity ratio of the Shipping Corporation and whether it compares very well with the other public sector undertakings? Actually, the debt-equity ratio of the Shipping Corporation is the highest. How are you going to reduce this and help the Shipping Corporation to

purchase ships? Is it not a fact that during recession, India failed to make use of the cheap ships available? If it had acquired enough tonnage at that time, we would have been in a far better position.

SHRI RAJESH PILOT: Sir, it is very simple to say that now because freight rates have gone up. When ships were available at throw-away prices nobody was ready to buy them because there was no use. Our ships were lying idle. We were not getting much freight and all the shipping companies were going to loss. In a country like America, which is a very developed country, most of the big shipping lines had been closed and the Government gave good support to them. There are cases when subsidy was raised to a very high degree in the developed countries. I agree with you that we did think over as to whether it is the right time to increase or enhance our tonnage. But then both the factors have to be considered. If we enhance our tonnage now and the freight rates do not catch up soon, then the investment of exchequer money will not be very viable. This was also kept in mind. In 1987 the freight rates suddenly went up and then it become very viable.

With regard to the Shipping Corporation of India, as the Hon. Member mentioned, debt-equity ratio is one of the problems and in this regard we already have a proposal which is pending with the Government.

SHRI CHANDRA PRATAP NARAIN SINGH: Sir, the Minister is a very dynamic Minister, he has helped in increasing the tonnage of shipping in India but on the other hand we have dockyards like the Mazagon Dockyard and also one at Calcutta and others which claim that the Indian Shipping Industry does not give them enough orders so that they could manufacture more ships. Now, that is what we need, the indigenisation in our country is of prime importance and with this we can also increase the employment potential which these dockyards will have.

So, taking into consideration the manu-

facturing capabilities of our dockyards, can we see to it that they don't have idle capacity and that these ships are not purchased only from abroad?

SHRI RAJESH PILOT: Mr. Speaker, Sir, the Hon. Member has mentioned about the Mazagon Dockyard. I think, it is under the Defence Ministry and they take orders from the Defence. Mainly, there are two shipyards where indigenous production is taking place and they are Cochin and Visakhapatnam.

SHRI CHANDRA PRATAP NARAIN SINGH: There is one at Garden Reach dockyard in Calcutta also.

SHRI RAJESH PILOT: Yes, that is also there. And the order book is full. We have made sure that the order book is complete. But unfortunately the indigenous shipyards do not catch up with the requirement in time. Order are placed with the shipyards and they take nearly 5 to 6 years to supply the ships. There are other factors also which are involved in this, like, the steel could not be supplied etc. We ordered a Committee which recommended that as a *pari passu* condition which was earlier 1:1, i.e., one ship from abroad and one indigenous—as the hon. Member mentioned that the freight rates were going up—it was relaxed to 1:3, i.e. one indigenous ship and three from abroad. This was done only to catch up with the requirement. The order book is accompanied with the accountability that within three years the indigenous shipyard has to build ships as per the order. Otherwise, there is no use of ordering the ships and then keep on waiting on the mercy of the shipyard which takes 6 or 7 years to fulfil the order. the order book of all the shipyards is quite good.

SHRI VEERENDRA PATIL: Sir, I would like to know the policy of the Government with regard to ship acquisition. The private sector also has a role to play in this, although a dominant role is expected to be played by the Shipping Corporation of India. As the Hon. Minister has stated just now, there was a recession and the ships were available at throw-away prices, particularly the second

hand ships. So, I want to know whether it is the policy of the Government to acquire ships because they are cheap and have they been able to build up the tonnage because there is a lot of change. So far as the Shipping industry is concerned, it has undergone a change. Now, the demand is for the fuel efficient ships. When the freight rate is so low there is no point in acquiring old ship if it is not fuel efficient. The mode of transport, so far as the shipping industry is concerned, has also undergone a change. They require more ships which can carry these containers and not bulk cargo ships. So, what is the policy of the Government with regard to building up the additional tonnage so far as shipping industry is concerned? Also, if the Shipping Corporation of India is not in a position to get sufficient funds, will the Ministry of Shipping be prepared to encourage shipping industry in the private sector to acquire the latest fuel efficient ships which are required for our purpose?

SHRI RAJESH PILOT: Our Department is following what the hon. Member—one time a Minister in the same Department—has outlined. The only thing is that we are trying to improve some of the systems.

I may inform the House that the rates have gone so high. The price of a 32,000 DWT vessel which was 18 million dollars in January 1988 has now gone upto 27 million dollars. Similarly, a second hand tanker of 32,000 DWT which was costing 10.5 million dollars, now costs 14.15 million dollars. The prices have gone up by nearly one and a half times both for the new and second hand vessels. The SCI has now taken up the role of the SFDC and we are trying to rehabilitate the sick shipping industries. Whatever concessions, some liberty and some incentives of this nature that we could give, we have already given in a package form. But still, we carry on meeting the Shipping Companies once in three months. We have an open house and the shipping companies and we in the Government sit together and discuss as to what could be done to enhance this industry further.

As far as the shipyards are concerned, as I have already said, a proposal is under Government's consideration for capital restructuring of the shipyards because this is a problem which has brought the shipyards into a slightly bad shape. We have been requesting the Steel Ministry—the hon. Minister Shri Fotedar is here—to supply steel in time and also to see that we get the steel at correct prices. Sometimes imported steel is much cheaper than the indigenous production and that adds to the cost of our indigenous production too. So, all these efforts are on. We are fully aware that this is a sector which requires a boost.

Closure of Mini Steel Plant in 'Birbhum'

*665. **SHRI GADADHAR SAHA:** Will the Minister of STEEL AND MINES be pleased to state:

(a) whether the Mini Steel Plant in 'Birbhum' has been closed down; if so, the reasons therefor;

(b) whether there is a proposal to reopen it and if so, the time by which it is likely to be reopened; and

(c) if not, the reasons therefor?

THE MINISTER OF STEEL AND MINES (SHRI M.L. FOTEDAR): (a) to (c). A Statement is given below.

STATEMENT

(a) to (c). As per information available, a Mini Steel Plant of M/s Universal Industries & Cotton Mills Limited, District Birbhum, West Bengal has been closed due to labour trouble and a lock out has been declared with effect from 20.11.88. It is not possible to say when the Plant will resume operations.

SHRI GADADHAR SAHA: Mr. Speaker Sir, I am sorry that the answer is neither satisfactory nor reveals the total truth or gives adequate information. In the context of lock-out and the closure of the plant in an industrially backward district, Birbhum, I re-