

SHRI SATYA PAL JAIN (Chandigarh): Sir, we should be allowed to ask our supplementaries on Question No. 282...(*Interruptions*)

MR. DEPUTY SPEAKER: Shri Satya Pal Jain, please take your seat.

...(*Interruptions*)

SHRI SATYA PAL JAIN (Chandigarh): Sir, there have been two supplementaries from the Congress side and not even a one supplementary from the BJP...(*Interruptions*)

[*Translation*]

SHRIMATI BHAVNA DEVRAJBHAI CHIKHALIA: Mr. Deputy Speaker, Sir, it seems to me that here reservation should be given to women in order to ask the supplementary questions also.

MR. DEPUTY SPEAKER: No, No.

SHRIMATI BHAVNA DEVRAJBHAI CHIKHALIA: You kindly see yourself that no woman was given any chance to ask the supplementary question on the first question.

MR. DEPUTY SPEAKER: Chikhaliaji, here, a lady minister has given a good reply.

[*English*]

Import Duty of Caprolactum

*283 SHRI K. KARUNAKARAN: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Fertilizers and Chemicals Travancore Limited is facing a financial crisis due to lowering of import duty of Caprolactum;

(b) if so, the details thereof;

(c) whether there is any proposal to give special assistance to FACT to tide over the present crisis; and

(d) if so, the details thereof?

THE MINISTER OF CHEMICALS AND FERTILIZERS AND MINISTER OF FOOD AND CONSUMER AFFAIRS

(SARDAR SURJIT SINGH BARNALA): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) to (d) The effective rate of Custom Duty on Caprolactum has been varying over the past few years with an overall trend towards decline. However, the effective rate of Custom Duty on Caprolactum increased from 35.00% in 1997-98 to 36.14% in 1998-99. Fertilizer and Chemicals Travancore Ltd. (FACT) which earned a net profit of Rs. 53.94 crore in 1997-98 is expected to incur a net loss of Rs. 47.08 crore in 1998-99. This is primarily on account of steep fall in the international and domestic prices of Caprolactum and burden of interest and principal repayment on the loan taken for the company's Ammonia Replacement Project. FACT's proposal seeking relief is being examined.

SHRI K. KARUNAKARAN: Sir, the Fertilizers and Chemicals Travancore Limited is facing a very serious crisis. The FACT is one of our public undertakings which was making reasonable profits. But now, due to liquidation, it is going to make heavy losses this year. According to the figures made available to us, last year, it earned a net profit of Rs. 53.94 crore, and this year, it is expected to incur a net loss of Rs. 47.08 crore.

MR. DEPUTY SPEAKER: Order, please. Shri P. Upendra, what is this going on?

SHRI K. KARUNAKARAN: I would like to ask the hon. Minister as to what are the reasons for this loss. It should be solved immediately.

This is an industry which provides employment for roughly about 50,000 people, 8,000 direct employment and the rest indirect employment. But the problem is firstly, international price of fertilisers has fallen down and so also domestic price.

Secondly, excise duty is reduced very substantially. It was 80 per cent some time back. Today it is only 36 per cent.

Thirdly, they are paying heavy interest for the new projects. The reason for ammonia replacement was the order of the court. But still the company is bound to do it. The project costs Rs. 600 crore and odd out of which Rs. 400 crore is taken as loan from the OECF, Japan. They are collecting interest at the rate of 2.6 per cent from the Government whereas Government is collecting 16 per cent from the company.

These are the three major problems due to which the Company is facing crisis. The Government can redress these problems within a short time. I want to know what the Government intend to do on these three points.

First of all, the Government should prohibit imports. The reason is we are producing much more than what we need.

Secondly, excise duty should be reduced.

Thirdly, interest should be cut short.

On these three points, will the Government take immediate action so that the crisis can be solved?

SARDAR SURJIT SINGH BARNALA: The hon. Member has virtually answered the question also. It is very kind of him. The suggestions made by him are being looked into. This industry is one of the oldest in Kerala. It was founded in 1943. We want that this industry should continue profitably. We are trying to find out in what manner it can be done. Now for the time being, because of the depression in prices of petroleum products, the condition has become like this. The cost of domestic production has gone up. They are producing at the cost of Rs. 3,500 more than imported cost.

These are the two main reasons why there is expected to be a loss of Rs. 47 crore this year when it was running in profit some time back. This was mainly because of the company's ammonia replacement. This is the main reason for this. As the ammonia replacement project has to be taken in hand because of the order of the court, there was a terminal in Cochin port in an island where ammonia was imported and stored. When somebody went to the court and got an order from the court that this should be demolished and a new project should be taken up, a new project was taken up costing Rs. 637 crore. It was because of this reason that the trouble has arisen.

SHRI K. KARUNAKARAN: With the same cost of production, the company was making a reasonable profit. Last year, it was Rs. 53.5 crore. This is not a sufficient reason for this loss. I have pointed out three causes. Will the hon. Minister say positively whether the Government will be able to do it straightway? These are matters which can be done straightway. The Government can do it straightway.

As I said, they have to ban the import, reduce the excise duty and reduce the rate of interest. Will the

Government consider these three issues and take an immediate decision?

SARDAR SURJIT SINGH BARNALA: It was correct when the hon. Member mentioned that there was an excise duty of eighty per cent at one point of time. Then, during their regime, it was reduced from time to time. It was reduced to sixty per cent; later it was reduced to fifty per cent; and again, it was reduced to forty per cent. So, it was reduced in their regime. Last year, there has been no reduction. There was, in fact, a slight increase in the duty.

The points raised by the hon. friend have been taken cognizance of even at the level of the hon. Prime Minister. The Chief Minister of the State, the Minister of Industry and Members of Parliament belonging to all the political parties represented the matter to the hon. Prime Minister. I was also present there. He has taken cognizance of it and the matter is being examined to give relief to this industry.

[Translation]

SHRI RAJVEER SINGH: Mr. Deputy Speaker, Sir, I would like to ask from the hon'ble Minister whether his department has formulated any scheme on the request of Government of Uttar Pradesh to revive the fertilizer factory in Gorakhpur which has been closed down over the years as a result of which its workers have been rendered jobless and farmers also have been facing difficulties? If so, the time by which it is likely to be implemented?

SARDAR SURJIT SINGH BARNALA: It is not related to the original question. But I would like to inform the hon'ble Member that it is under consideration and I hope that the factory of Gorakhpur will be revived.

[English]

PROF. A.K. PREMAJAM (Badagara): Sir, I thank you very much for this opportunity.

A the hon. Minister has already said, the Chief Minister of the State, the trade union leaders of FACT and all MPs from Kerala have made an appeal to the hon. Prime Minister and the hon. Minister about the financial crisis which is going to be faced by FACT.

Will the hon. Minister give a positive consideration to the questions raised and help by way of raising the import duty on caprolactum and also give a subsidy for the

construction of the ammonium plant, which has to be undertaken by FACT because of the court order?

SARDAR SURJIT SINGH BARNALA: The question cannot be solved by merely raising the duty because the end users want that the duty should not be raised. They are producing certain items from this product, caprolactum, which are being sold at competitive rates. This is why, there is a conflict between the two. All the same, the matter is under the consideration of the Government.

Another matter has been raised by the hon. Member, of which we are seized and are trying to programme the relief that is to be given to this industry in a phased manner.

SHRI A.C. JOS: The hon. Minister's replies are very evasive. The question is very specific. FACT is manufacturing caprolactum. I agree with the hon. Minister that it has got competitive prices also. The question is, if the customs duty is reduced, the prices of the imported product will also be reduced and so it will not be competitive for any industry in Kerala to produce caprolactum.

Only two companies in India are producing caprolactum. If the customs duty is enhanced, indigenously produced caprolactum can be sold at a price higher than that of the imported product.

The question is this. Is the Government ready to enhance the customs duty so that the price of Caprolactum will be competitive in India?

The second question is this.

MR. DEPUTY SPEAKER: Only one question is allowed.

SHRI A.C. JOS: It is a part of the same question, Sir. The Unions have now requested for a one-time subsidy of Rs. 200 crore in interest payment. They had paid Rs. 600 crore. May I know whether the Government is ready to enhance the customs duty on Caprolactum and also give a one-time subsidy of Rs. 200 crore?

MR. DEPUTY SPEAKER: Shri Jos, let him answer. You cannot ask two or three questions like this.

SARDAR SURJIT SINGH BARNALA: As I earlier said, this matter is under the consideration of the Government. They have submitted a representation to the Prime Minister. Their demands are about eight in number. All those are being looked into. Their demands concern not only the Government of India, but also the State Government. The State Government has imposed a State surcharge to the extent of Rs. 727 on Naphtha, furnace oil, etc., and also sales tax which comes to an amount of about Rs. 40 crore. So, the State Government can also be helpful in this. The Central Government also wants to help this industry. On both the sides—the State Government as well as the Central Government—it can be taken up; and I think, the problem will be solved.

SHRI SURESH KURUP: As everybody knows, FACT was a profit-making unit till recently. The main cause for the loss is because of the construction of the new Ammonia project which they were forced to take up due to a court order. That is why, during the last Session of Parliament, all the MPs from Kerala, the Chief Minister of Kerala and the representatives of the trade unions in FACT came and met the hon. Prime Minister and also Shri Surjit Singh Barnala.

MR. DEPUTY SPEAKER: What is your question?

SHRI SURESH KURUP: My point is that the hon. Minister should specifically answer whether the points raised in the memorandum, especially the one regarding the subsidy for the loan amount sanctioned to FACT, will be considered sympathetically by the Government.

SARDAR SURJIT SINGH BARNALA: This is what I have already said. They have given a memorandum containing eight demands. They are under consideration. One of the demands is to be considered by the State Government and the other seven are to be considered by the Central Government. They are under active consideration of the Government.

SHRI G.M. BANATWALLA: Mr. Deputy Speaker, Sir, FACT is an old industry in Kerala. Kerala is starved of industries and Central investment. Therefore, the Government has to take a very positive attitude towards the difficulties being faced by FACT. Will the Government give an assurance that the decision of the various demands will be taken up within a specified period of time. Otherwise, the 'consideration' goes on *ad infinitum*. At least we can have an assurance from the Government

that within a specified period of time, a decision will be taken. Further we are told that eight demands have been given. What are those eight demands? FACT has given certain proposals. What are the proposals for relief given by FACT?

SARDAR SURJIT SINGH BARNALA: Sir, the demands as mentioned are: (1) three per cent rate concession on loans taken for setting up of fertilizer project.

MR. DEPUTY SPEAKER: If you give all the eight like this, the Question Hour will be over.

SARDAR SURJIT SINGH BARNALA: But this is what the question is.

MR. DEPUTY SPEAKER: You may give a brief reply.

SARDAR SURJIT SINGH BARNALA: That is what I was mentioning earlier. There are eight demands out of which seven concern the Central Government. The Central Government is seized of the matter and is looking into them.

SHRI A.C. JOS: It is a very evasive answer.

SHRI SURJIT SINGH BARNALA: We cannot fix any time limit for that.

SHRI G.M. BANATWALLA: How long will the Government take to come to a decision?

SARDAR SURJIT SINGH BARNALA: No time limit can be fixed. The demands can be taken up separately at separate time. No time frame can be given for this. ...*(Interruptions)*

12.00 hrs.

MR. DEPUTY SPEAKER: I have given the floor to Shri P.C. Chacko. The hon. Minister said that it would not be possible to fix a time limit.

...*(Interruptions)*

SHRI P.C. CHACKO: Hon. Deputy Speaker, Sir we want your protection. Five hon. Members raised this specific question. Shri Barnala, who is a very able administrator said that he was looking into it. As you

know, this word 'looking into' is very mischievously used by the Ministers. This Memorandum was submitted six months back. The oldest public sector unit is on the verge of collapse. The Government is getting funds at the interest rate of 2.5 per cent and it is lending money at the interest rate of 15 per cent to the FACT. I would like to know whether the Government is prepared to give money at a lower interest rate.

The hon. Minister stated that the customs duty was reduced during the Congress regime. It is true. It was reduced when the customs duty was 18 per cent. But this is a Swadeshi Government. Is this Government prepared to give protection to the local industries? The Minister of Industry will also support it. The customs duty has been reduced again by a *Swadeshi* Government, thereby making the local products unprofitable. ...*(Interruptions)* Will the Government consider giving a one time assistance of Rs. 200 crore; reducing the interest rate and the customs duty? In the current Budget also the customs duty has gone up. Will the Government give an assurance to this House that the FACT would be saved by adopting these measures?

SARDAR SURJIT SINGH BARNALA: Sir, the hon. Member has intentionally made the question very long. Otherwise, I could answer a part of it.

The question of reducing the interest rate is under active consideration. We have demanded that there should be reduction of 3 per cent in the interest rates. I am very hopeful that it might be possible to do so.

WRITTEN ANSWERS TO QUESTIONS

[English]

Financial Assistance to Sugar Mills

*284. SHRI RAVI SITARAM NAIK: Will the Minister of FOOD AND CONSUMER AFFAIRS be pleased to state:

(a) the number of proposals received for seeking financial assistance for the expansion and modernisation of sugar mills from several States during 1998-99.

(b) the number of proposals out of them cleared so far, State-wise; and

(c) the reasons for delay in clearing the remaining proposals?