

[Shri Banamali Patnaik]

hampered because there is no railway line. These things have to be decided at the political level whether we want to develop this area or not.

There is the headquarters of the Sukhinda Nickel Plant at Delhi. This is 700 miles away from the headquarters of the industry there. It is something fantastic. There are very rich potentialities in those areas. But they are not developed. The same thing applies to Bihar. The same thing applies to Chota Nagpur plateau. They are all full of mineral resources. Calcutta developed because of historical reasons. Beyond Calcutta there is absolutely no industry there. We used to say 'Sonar Bangla'—now it is neither 'Sonar' nor 'Bangla'. The fertile lands of Bengal cannot be irrigated and therefore they cannot supply food. If only there is irrigation there, it will feed, I am sure, nearly half of India. But there is neither irrigation nor industry. Now, it is a question of heavy investment, coordination of different Ministries as to how to improve that region. That is the region which brings more foreign exchange by selling iron ore. How long we will continue to sell mineral wealth and not have a steel plant. We have the lowest per capita consumption of steel in the world. Hence a Steel plant is a must for Orissa. This will help in the growth of other ancillary industries.

18.00 hrs.

SHRI M RAM GOPAL REDDY (Nizamabad): Mr. Chairman, Sir, that in any country there should be no backward people and no backward areas should be the aim of any government or any country. But, unfortunately, we have inherited this backwardness from the colonial rule of the Britishers.

MR. CHAIRMAN: I will take the sense of the House. There is a Half-an-Hour discussion posted for today. In the normal course it should have been taken up at 6.00 P.M. Mr. Panigrahi's Resolution started at 5.10 P.M.

and if allowed two hours it cannot be finished today. As many as 12 Members have to speak and so far only two Members have spoken. I want to take the sense of the House whether we may postpone discussion on Shri Panigrahi's Resolution and take up Half-an-Hour discussion so that the discussion on Shri Panigrahi's Resolution will be taken up next time.

SOME HON. MEMBERS: Half-an-Hour discussion may be taken up.

MR. CHAIRMAN: Now we are taking up Half-an-Hour discussion and Mr. Reddy will continue his speech on the next day.

18.03 hrs.

HALF-AN-HOUR DISCUSSION

EXPENDITURE ON REPAIRS OF NEWLY PURCHASED SHIPS BY SHIPPING CORPORATION.

SHRI KRISHNA CHANDRA HALDER (Ausgram): Mr. Chairman, Sir, the Minister in his reply on 26th February, 1973 to Starred Question No. 90 was not only not clear but was evasive also. So, I want to raise this discussion.

The Shipping Corporation of India, which has been building up its mercantile fleet into a gigantic monolith is practically sinking under the crores of rupees that have been wasted on repairing new ships which could be termed "floating junks". One of the top profit-spinners in the Public Sector, the Corporation has grown in magnitude but Chairman and Managing Director, Mr. C. P. Srivastava, as head of Shipping Corporation of India has further imposed too many additional duties on him like frequent trips abroad to attend international conferences on shipping matters. Srivastava's administrative ability and experience have made him a Member of the newly constituted committee of the Government which

will scrutinise the working of Public Sector undertakings which in itself is a full time job.

Naturally, all these multifarious activities have made Mr. Srivastava delegate his authority to his subordinates. They have only succeeded in making such a mess that the entire structure of the SCI may start crumbling.

While the corporation goes on adding to its fleet, a senior executive has assumed dictatorial powers, holding in his hands all the strings and dispensing favour to his group. While the executive is expected to look after the technical work of the corporation and matters connected with vessels, he actually dabbles in everything from the recruitment of cadets to the biggest promotion in the corporation. The result is that when the corporation vessel *Viswakusum* was in distress at Chittagong and was sinking, that very officer who ought to have rushed to the scene, sat back in Bombay and asked his deputy to go to the spot. I think that this was most irregular.

The most shocking thing about the functioning of the corporation is the fantastic amounts spent on repairs of new ships. The large amounts spent show that the ships acquired by the corporation are only floating junks and there is something seriously wrong with the buying.

In his reply, the hon. Minister gave the names of eight vessels, but comparing it with my information, I find that there are only three names common between us, while the other names are not included in the list. Rs. 61 lakhs have been spent as repair charges on the corporation vessel *Jawaharlal Nehru* acquired by the corporation only in 1969. I do not find it in the list supplied by the hon. Minister. Rs. 17 lakhs have been spent on *Bellary* acquired on February 23, 1971, Rs. 20 lakhs has been spent on *Lal Bahadur Shastri* acquired on

July 10, 1970. But the hon. Minister has said that Rs. 17.11 lakhs were spent. Rs. 20 lakhs were spent on *Bailadilla* acquired on February 23, 1971 and Rs. 55 lakhs on *Barauni* acquired only two years ago. But the hon. Minister has said that on *Barauni*, only Rs. 30.90 lakhs were spent. So, there is a gap between my information and the hon. Minister's information.

The whole matter of repairs must be looked into by an independent expert committee, as the amounts are spent mostly abroad in valuable foreign exchange.

Another serious matter that must be investigated is the huge amounts spent on some officers who have been posted to Bombay on shore jobs. These officers, all engineers, are paid floating pay and allowances, though they have been on shore jobs for over 1½ years. This amount is several times more than the shore salary, but no effort is made to put these officers on the shore grade. In public interest, an immediate high-powered probe is necessary into the working of the SCI.

As I have said, the whole matter of repairs, must be looked into by an independent expert committee, as the amounts are spent mostly abroad in valuable foreign exchange.

I want to know also whether Government are going to institute an independent expert committee to inquire and go through the repairs done by SCI. I would also like to know whether Government are prepared to take proper action against the officers responsible for the mischief.

SHRI B. V. NAIK (Kanara): Having been associated with the working of the National Shipping Board which keeps very much in touch with the operations of the Shipping Corporation of India, even

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though there might be certain problems of gigantism as far as this Corporation is concerned, the operational results yielding profit to this institution show that it is one of our good public sector undertakings which has been showing positive results. But in the light of the fact that approximately a very major chunk of our shipping is occupied by our public sector undertaking and the field being one of extreme expertise, and considering also the fact that recently there has been a report and recommendation made by the panel of the National Shipping Board to the effect that the provisions of the MRTP Act should not be made applicable to business firms and big monopoly houses operating in this line, and also since the hon. Minister of Company Affairs stated in reply to a question the other day that it has been accepted, as far as the shipping field is concerned, that the MRTP Act should not apply—I cannot make a categorical statement as to this, no value judgment—I would like to know from the hon. Minister whether in the shipping line, particularly since it has from time immemorial been a line of individual enterprise these twin factors of gigantism and also successful working of the Shipping Corporation.

MR CHAIRMAN The question is limited to the expenditure on repairs to ships. He should not go wide off the mark.

SHRI B. V. NAIK Taking these into consideration and also the fact that there have been long-established firms which fall in this category, I want to know whether this will result in the stifling of individual entrepreneurs and initiative in this line of shipping in future years, particularly in the Fifth Plan period.

SHRI KRISHNA CHANDRA HALDER There is a discrepancy between my information and the reply given by the Minister. I would

rather say that his answer was practically misleading the House. It was not proper for him to supply wrong information. In my opinion, he has practically misled the House.

MR CHAIRMAN You have mentioned the discrepancy. He is going to reply.

THE MINISTER OF SHIPPING AND TRANSPORT (SHRI RAJ BAHADUR) I have got great respect for my hon. friend, Shri Krishna Chandra Halder, but I am afraid I cannot plead guilty to the charge that he levelled about my deliberately withholding any facts in regard to the answer to the question he put to me on February 26, 1973. His question read as follows:

- (a) Whether the Shipping Corporation of India had to spend a huge sum of money for the repairs of the newly purchased ships, and
- (b) if so, the names of the ships, year of purchase and the total amount spent thereon?"

My reply was clear and precise. It was

A statement containing the required information in respect of the ships purchased by the Shipping Corporation of India during the years 1970-71 and 1971-72 is laid on the Table of the Sabha."

I confined myself to those two years because I thought he was referring to only new ships. He did not refer to the old ships or even to ships which were purchased just over two years ago. I could not have information with me for ships in respect of repairs for ships which were purchased in the year 1972-73, because they can only come after the year is closed and the audit, etc., have been completed. So, I confined myself to those two years and whatever information I gave in respect of those two years was complete and correct.

The essential purpose of the half-hour discussion is elucidation and clarification of the points which have been left vague. I said in the reply itself that the ratio of the total expenditure on repairs and maintenance as shown in the statement comes to 6.69 per cent of the earnings of these ships and to 3.11 per cent of their total capital cost, and that these two percentages are considered to be reasonable.

So far as the second part of the question is concerned, namely, the names etc. of the ships, you will find in the statement that I have given the names. Not only that. I have also given the years in which they were built, starting from 20th April 1970, and the names of the countries in which they were built, together with their total earnings and total capital cost, and finally the cost of repairs. In fact, I supplied him more information than he wanted. I did not concede or withhold any facts whatsoever.

I will confine myself to the points that he has relevantly made. I am at one with him so far as his compliments to the Chairman and Managing Director of the Shipping Corporation are concerned. It can be said that Indian shipping has grown with his enterprise to a very considerable extent and his initiative to a great extent. When he says that he is wanted in other fields like the public sector enterprises committee and all that, it is only a tribute to his capacity, and I join the member in giving that tribute to him. At the same time—

AN HON. MEMBER: He is overburdened.

SHRI RAJ BAHADUR: I would respectfully submit that he is a hard worker. But he is not overburdened, and the wearer knows where the shoe pinches and whether it pinches him at all or not. He does not feel that he is overburdened. We also

feel that he has delivered the goods. Then, the hon. Member says that he has delegated his authority, his discretion, the care and management of the Corporation to some executive of his. I think it is hardly a fact, if I may say so, perhaps, the remarks of the hon. Member refer to some head of a technical department, but he too is an extremely conscientious and hard-working officer. I have been assured in this behalf and assured about by no less a person than the one in whom the hon. Member has also expressed his trust, namely, the Chairman and Managing Director.

When officers from the floating staff are considered for appointment on shore, they are first trained for a few months, during the course of which they receive floating staff wages, and when they are appointed to regular posts on shore, they begin to receive shore wages which are lower.

The next point that he made was that I withhold some other facts from him. In fact, he particularly mentioned the vessel *Jawaharlal Nehru* and the amount spent on that. It was not my purpose to withhold any facts from him. If he wanted the figures for three years, I would have given him. If he wanted for four years, I would have given the figures for four years. But fortunately or unfortunately for him, or for me, *Jawaharlal Nehru* was purchased not in the year 1970-71 but on 13th September 1969. It was before 1970. Of course, *Jawaharlal Nehru* was one of our first big tankers; 87,612 tonnes; it did incur an amount of money on repairs. The vessel *Bellary* that he mentioned was purchased on 7th February 1970, that was also before 1970-71. He has mentioned about Lal Bahadur Shastri. There is no discrepancy about that. It has been mentioned in the statement. The date of purchase is 10th June, 1970 and the amount spent on repairs etc. has been Rs. 17.11 lakhs. He has stated that about Barauni his information is different. I stick to the information

[Shri Raj Bahadur]

which I gave him in the statement in which Barauni is mentioned at No. V. The capital cost of buying was about Rs. 7 crores. The amount spent on repairs is shown as Rs 30.95 lakhs. All these ships were purchased either from Yugoslavia or they were built in India. One of them was brought from Italy. I must say, here that most of our ships come from our friendly, East European countries Poland, East Germany, Yugoslavia, Russia. It would be indiscreet on our part to pay that we should be more cautious in choosing our shipyards. They have stood by us very well. In fact about one fourth of our fleet has been taken from Yugoslavia, because we had long standing arrangements with them and we also had credit facilities. Credit facilities were not given to us by other countries (Interruptions). We have been sufficiently cautious. It would be really not very fair to the shipyards, if we say that the cost of repairs had been too much. Barauni was built in Yugoslavia and its dwt is 85,826. The total earnings are Rs 304 crores and the cost of repairs were Rs 30.95 lakhs. I stick to the statement I have got figures in two different statements and they tally with each other and therefore I stick to that figure particularly. May I say that these figures are for two years only. He might have added the third year also. That is possible.

MR CHAIRMAN He has calculated for 1970-71 and 1971-72 and has given the figure Rs 30.95 lakhs. Presumably you have added for the other year also.

SHRI RAJ BAHADUR. Against the total capital cost of Rs 30.72 crores for these ships; the gross earnings have been Rs 166 crores till 31st March, 1972. The net earnings have been Rs 35 crores. Gross foreign exchange is Rs 16.58 crores. The net foreign exchange saved is Rs 9.57 crores. If we excluded the instalments paid to the shipyards to

the extent of Rs. 1.87 crores, the net addition to our foreign exchange reserves, from these vessels, was to the tune of Rs. 7.57 crores. This, I think, is very substantial addition and the percentage of net profit after deducting all expenses comes to 21.49 per cent of the earnings and it is 10.27 per cent in relation to the capital. Most of our repairs are carried on in India. But when we do not have facilities for repairs, we have to go in for repairs abroad. Is there anything abnormal in these circumstances?

There is nothing extraordinary or abnormal or too much about these expenses on repairs or maintenance. The repairs or maintenance are normal and inescapable. Thus chipping and painting has to be done once a year. We have got to incur expenses on it. Tanks have to be cleaned periodically.

Servicing is a continuing process and it is done on a continuing basis at the rate of one quarter of the ship every year so that the ship is fully surveyed in four years time. At the end of every voyage the ship is again inspected thoroughly. The known defects are repaired. If anything is missing, it is replaced. Servicing work is undertaken. The cost of things abroad can amply explain cost of repairs incurred on the ships. I think, I should take this opportunity to tell the House about the contribution to the building of our shipping tonnage that the Shipping Corporation has made. Mr Naik, if I have understood him correctly, was referring to one particular matter.

AN HON MEMBER What is the total amount of foreign exchange spent on these repairs?

SHRI RAJ BAHADUR!
The total amount of foreign exchange spent on repairs comes to Rs 89 lakh—it is a little more than Rs 89 lakhs, that is, about Rs. 90 lakhs. One significant point to note is that the Shipping Corporation was

started in 1961 with 19 vessels only and a tonnage of 1.92 lakhs. To-day, the Shipping Corporation has got 95 ships and over 1.87 million or 18.7 lakhs D.W.T. to be exact. With 43 ships on order now, the additional tonnage may come up to 2.232 million D.W.T. The equity capital of the shipping Corporation amounts to Rs. 27.95 crores and the profits and savings upto 31-3-1972 amount to Rs. 37.60 crores. This is a wonderful performance of which the country should be proud of. This is a public sector undertaking. Often public sector undertakings have come in for criticism. Now a special plea was made by Shri Naik. I think he only means that shipping should be treated on a special footing. I am entirely at one with him.

SHRI B. V. NAIK: If I had not been adequately clear in my expression, the hon. Minister was good enough to say about the huge profitability of the shipping operation as such as shown by the results of the Shipping Corporation of India. Under these circumstances, my point was that that was a highly productive field. I think one of our friends from the Communist Party said that it has been put into the hands of a monopoly house. I am not opposing that. In my valued judgment, would it not be stifling the initiative of other new entrepreneurs also?

SHRI RAJ BAHADUR: If he is focussing our attention on the question of incentives including exemptions to be made in regard to acquisition of shipping tonnage even by private sector shipping companies from the M.R.T.P. operation about which he was saying, I am not aware of that. I would only say that I am all for the incentives because, even the public sector shipping cannot develop without incentives. It was on the basis of all sorts of incentives that we came to provide to build up our shipping. We all know that there was a development rebate of 40 per cent allowed for the industry which will not be available

after 1974. Then there was essentially a very concessional rate of interest. The creation of the shipping development fund itself has been a very big factor in the building up of our tonnage.

Then there was the facility of moratorium of some years for payment of instalments, etc I may assure that the Government is fully conscious of the importance of shipping. We have taken up the question of continuance of the incentives or provision of alternatives to the incentives so far given. But, one factor comes in here for due notice, namely, that the public sector is growing and should be allowed to grow and would grow. I have no doubt in my mind that with the resources they have built up of an order of Rs. 37.6 crores and with the excellent and nice management they will grow faster. Public sector undertakings own or operate about 50 per cent of our total national shipping tonnage and I think that, by the end of the Fifth Plan, we would see that they could own more than 70 per cent of the shipping tonnage. On this we are not really stifling credit to other shipping companies. Also we are giving them all possible assistance. Naturally, the emphasis has to be on public sector because that provides such a valuable foreign exchange. One more fact deserves notice. That is that with 100 per cent shipping tonnage owned by the shipping Corporation, all 95 vessels are operative. Not a single one of them is non-operative. All of them are earning fairly or sufficiently well if you put all of them together. If I can bank upon my memory, our shipping corporation have contributed about Rs. 25 crores in foreign exchange per annum.

If you take out the instalments of repayment of capital, the net contribution comes to Rs. 23 crores. Our National shipping, as a whole, is contributing Rs. 95 crores in foreign exchange. All these factors are very important for the country's economy.

[Shri Raj Bahadur]

I am indeed grateful to Mr. Halder for giving me this opportunity because the Demands of the Ministry of Shipping and Transport were guillotined this afternoon mercilessly. I would only like to discuss his mind of one thing. Not one executive shall be allowed to grow larger than the boots that has

been given to him. He will be kept within size and we shall exercise proper control and supervision to see that no one misuses his position.

18.30 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, April 30, 1973/Vaisakha 10, 1895 (Saka).