SAVITA BANKESHWAR

5814

B-46, Aaram Co-op. Hsg. Society,
Vakola, Bombay-400055

23/3/1992

Privilege Motion against Minoo Masani

Dear Mr. Editor,

Millions of T.V. viewers will heartily accord with Minoo Masani's graphic description of some of M.P.s as 'howling hooligans' (those who held our Lok Sabha to ransom for 15 minutes and delayed the presentation of the budget by Shri Manmohan Singh, the Union Finance Minister, for the first time since our Independence.

I fail to fathom why the words 'howling', 'hooligans' and 'indiscpline' got the goat of our leftist M.P.s at all. The word 'Howling' means a prolonged loud cry of distress, defineitely not 'unparliamentary'.

Let us go to the root of the word 'Hooligans'. Hooley was an Irish character of rather unsavoury reputation in London, but there is no authentic proof in any London Police or Court record. Hooley might be turning in his grave, rather howling in his grave, for the blasphemy inflicted on him and his gang by our Leftist M.P.s by taking exception to their reference to him and his gang in our Lok Sabha.

Another version is that 'Hooliganism' is derived from 'Howling gang'. As I said earlier, the word 'Howling' is not unparliamentary. No member of the House of Commons raised the issue of 'privilege' when Churchil often used the word 'howling' in regard to the spee~~a~~ches of his arch enemy Bevan. The dictionary says that a 'gang' is a number of persons associating together for a specific purpose (in the case of our M.P.s, for the specific purpose of conducting legislat~~ure~~ive business).

Minoo Masani's graphic description of some of our leftist M.P.s as 'howling hooligans' was read only by some readers of the Statesman. Now, thanks to ~~Mx~~ our Leftist M.P.s, his epithet is read by a large section of our newspaper readers all over the country. His appropriate epithet, I hope, will reverberate in their minds long enough to boot them out in our next general elections !

Yours sincerely,

Savita Bankeshwar

(Savita Bankeshwar)

cc: 1) Shri Shivraj Patil,
Speaker, Lok Sabha Secretariat.

2) Shri Minoo Masani,
Army & Navy Bldg.,
148, Mahatma Gandhi Road,
Bombay-400023

THE TUESDAY INTERVIEW/ S.R. JAIN

'There's no cartel agreement'

Sheo Raj Jain thinks and dreams steel. The quiet, unassuming and unflappable chairman of the Steel Authority of India Limited (SAIL) admits that steel has been his first and only love. He began his career in the erstwhile Hindustan Steel Limited (now Bhilai Steel Plant) and rose to become the chief executive of the plant in 1975.

Besides, Jain has held key posts in a number of public sector undertakings. He was chairman and managing director of Heavy Engineering Corporation, Ranchi, and Coal India Limited and is on the board of Metallurgical and Engineering Consultants (India) Limited and a few other public sector units. With steel industry being decontrolled, Jain is busy chalking out plans to improve SAIL's productivity as well as its product line. In an interview with Gautam Mukherjee of The Economic Times, Jain discusses issues related to steel decontrol and the steel plants' modernisation, among others.

Q: How did it feel to step into the shoes of V. Krishnamurthy, the high profile ex-chairman of SAIL?

A: Every manager has his own style. SAIL is my first love as I have grown up in this company. Basic concept of running the industry is the same.

Q: How do you see the future of SAIL in the new regime, now that the prices of steel items have been decontrolled? It was a longstanding demand of the steel industry...

A: It is a welcome and right step. It i[illegible] line with freeing the industry from various controls. I feel that steel availability to customers will improve, because we will be in direct touch with customers. We know what his needs are. We will have to naturally service those needs. Decontrol will also put pressure on us to produce quality steel which is required, and not what is allocated. This is bound to bring efficiency in the industry.

From our direct interaction with the customers, we will know what they need in six months and one year and will produce that. It is a running industry. We will endeavour to supply what he needs. We will also ensure that he improves his product and takes better quality of steel and gives me more money. That will influence our ability to upgrade the quality of steel.

Q: Does this mean that before the decontrol you did not have the freedom to choose your own product-mix?

A: Customers used to be allocated. I would despatch what was allocated to me. Customers would be given steel as per availability. They would then adjust their requirement as per the distribution policy.

Q: So now you have the freedom to decide the product-mix.

A: We will decide the product mix depending upon the customers requirement. The product mix will be derived from the direct contact with the customers. And that product mix we will try to produce to the best of our ability, to use that requirement as our input to produce.

Q: That brings in the issue of distribution policy. Distribution to priority sector like railways and defence stays. Barring the priority sector, what is going to be your distribution policy?

A: SAIL will distribute on priority to SSI sector, north eastern sector, defence, railways and export sector. They will naturally get priority. We will also give priority to national projects that come. After that, steel will be given to the actual users and we are going to have long-term contracts with the actual users so that they are assured regarding the material availability and I get an assurance of the market. And then I shall choose my products.

Decontrol will also put pressure on us to improve quality, which is required. This is bound to raise the industry's efficiency.

So part of this will be on priority, and the remaining I will try to give on long-term contract as much as possible, depending on the type of steel that customers want. We will also give priority to the requirements of house builders, bars and rods and the export sector. I will rather call it a marketing than a distribution policy.

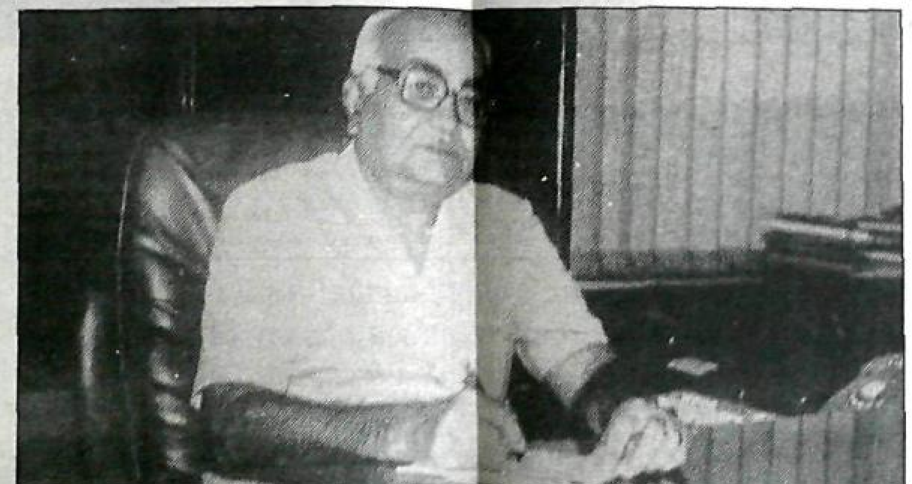
Q: Why are SAIL and Tata Iron and Steel Company (TISCO) talking to each other on pricing and distribution? It gives rise to a feeling of cartel arrangement.

A: I do not think that is a correct perception.

Q: But Russi Mody has gone on record saying that any price increase will be in consultation with SAIL.

A: Price increase, yes. We have discussed with TISCO—common problem of input cost which increases the cost of production. Naturally we both wanted to see how much we can digest, say by increasing efficiency. But certain things we cannot digest, like input cost of coal, power, transportation and freight. Naturally, all this has an influence on the cost of production. We have to basically take it from the customers.

This interaction we have been having with TISCO. In a large company like SAIL and for that matter in TISCO also, we have to have prices of various products fixed for a certain period so that marketing outlets adopt the same price and marketing continues uninterrupted. The basic theme is that whenever we change the price it should be the same. Whenever prices are changed there should be a relativity within the quality of steel and its prices. This is the interaction with TISCO.



Q: If you and TISCO decide on what price to charge, would it not eliminate competition in the market? Does it not give rise to cartel arrangement?

A: We are not discussing product pricing with TISCO.

Q: But TISCO has said that price increase will be effected in consultation with SAIL.

A: I do not think that is the case. If I increase price of product A, do you think TISCO will not increase the price when its cost of production has also gone up. But this has not been discussed with them. Why should it be the same?

Q: It is quite a contradictory stand.

A: All products are not the same. For common products, why should there be a difference? It is the basic price. When quality is different, then there is a case for different pricing. If the input price is same, then the basic price should remain the same.

Q: You say the cost of production has gone up. But would the production costs of SAIL and TISCO differ?

A: Correct. But the differential should not be different. The increase and decrease may not be different. And if it differs, I will be charging a different price for the special items I make. In some items, prices might be the same but in others, they would definitely differ. The character of a large and responsible company should have a common pattern. It cannot be an *ad hoc* decision of a particular company. It has to have some relevance with the macro situation.

Q: That sounds like a cartel arrangement.

A: I do not agree. We have decided to consult but it is wrong to say that it is a cartel arrangement.

Q: Now that steel has been decontrolled, why not compete in the market instead of discussing each other's cost of production and then fixing the prices?

A: There are some items whose demands are lower than our production. I am not going to stick to that. Being a responsible company, I have to keep a tab on that. I am the largest producer of hot and cold rolled coils. I can only charge to the extent my customers can pay.

Q: When do you propose to hike prices of steel items?

A: Let us see. We are still studying the effect of the budget. Prices have to be hiked. I think it will be from April this year.

Q: You have said that cost of inputs have gone up. What is your conservative estimate of an average increase in steel prices?

A: It will be something like from Rs 1,200 to 1,500 per tonne. SAIL's objective is very clear. Keep the cost as low as possible. And take out as much as possible and pass on the minimum burden to the customer. But we do need a reasonable return on our investment. Within that framework we work. We are working out the price increase of different items but the average is going to be what I have just told you.

Q: What is the estimated production, turnover and profitability target for the current year?

A: This year we have done very well. Our turnover should be more than Rs 10,000 crore this year. Similarly we will cross 10 million tonnes mark of hot metal and steel production of 9 million tonne during the current year. We have already crossed this milestone on March 10. I think we will end up with 10.6 million tonnes of hot metal. I can only say that this performance is excellent. Good product mix, control on techno-economy and lower energy consumption have helped us increase productivity. Profit should not be less than last year's.

Q: The government has given a directive to all the public sector undertakings to give 20 per cent of their profits to the government as dividend. Will SAIL be able to meet this condition?

A: We will be able to achieve that. I believe that whosoever is the investor, must get his due return. And here the government is the investor. It should get dividend. One should generate enough surplus to give dividend. The pressure is on us to generate and we are conscious of that. We are going to give dividend. Normally the dividend is decided depending upon the profit. We are taking it as a challenge so that we can meet the demand. We want to take the industry to a stage where we can pay dividends.

Q: You have projected highly ambitious target of over Rs 19,000 crore from internal generation during the Eighth Five Year Plan. Will you be able to meet this target?

A: As you know we are meeting the entire modernisation expenses from our own resources for the last five years. I think the gross margin should be higher than last year's. Internal resources are sufficient to meet all the investment plans.

Q: You plan to raise funds through bonds. When do you propose to undertake this exercise?

A: We plan to raise Rs 500 crore later this year. We will approach the market some time in October.

Q: Regarding the IISCO modernisation, do you think SAIL could have gone ahead alone to finance the Rs 6,500-crore project?

A: SAIL is tight in its resources for IISCO modernisation. We are financing Durgapur and Rourkela and other modernisation plans are also to be met. To be honest, the resource position is under strain. It would definitely aggravate SAIL's resources position if IISCO was to be taken up alone. The modernisation of the Burnpur plant is very much on the anvil and will be carried out.

Q: What is the status of the IISCO modernisation?

A: We have asked SBI Capital Market Limited to explore the possibility of private sector participation. We are yet to hear from them.

Q: Is Swraj Paul still interested in the project?

A: I do not know. Now the SBI Capital Market is talking to these parties.

Q: You have a number of Soviet experts in some of your plants. They had come when these plants were being set up. The expenditure on them is substantial. Do you still need them?

A: We do not keep any foreign experts if they are not needed. We have already reduced their numbers. Now, only 30-40 Soviet experts are there. Whenever experts are required, we call them. We call them only to improve ourselves.

Q: Now that you are in a decontrolled regime, do you feel that bureaucratic controls still remain?

A: To be very frank, bureaucratic controls have never affected SAIL. I do not see any problem.

Price hike will be something like Rs 1,200-1,500 per tonne. SAIL's objective is very clear—keep the cost as low as possible.

Q: But you are still not free to decide your own investment plans. You have to approach your administrative ministry, the Planning Commission and the finance ministry. Don't you think that you should be given more autonomy?

A: More and more investment freedom will help SAIL. As time goes, more and more delegation will come to the industry. As long as the investor is the government of India, it has the right to scrutinise all investment decisions. The government has to satisfy itself

Q: What about the delays involved? It takes months to get a project cleared.

A: Delays should not take place. I am satisfied with the way we have taken up the modernisation plan. Our production has not suffered because of modernisation. We have good coordination with the steel ministry.

Q: What is the status of Rourkela modernisation?

A: It is going on. The first stage is going on. The second phase is under consideration. We will decide in March-April.

Q: What about Durgapur? There is a time over-run.

A: There is no time over-run. It is on schedule. There is a delay in blast furnace. The overall project schedule is on time.

Q: How do propose to strengthen your marketing set-up?

A: SAIL's quality is the best in the country. The marketing set-up needs strengthening. The pressure will develop to re-orient our marketing approach. We are developing special steel for railways and GAIL. This gives me added value and satisfies customers.

Q: There is a recession in the steel industry the world over. How do you plan to increase your exports?

A: It is becoming difficult to export. Recession the world over is going to continue for some time. We will have a tough competition. We will have to develop special steel.

Q: What is the relevance of the Joint Plant Committee and the Development Commissioner of Iron and Steel now?

A: SAIL is not affected by their existence.

Q: Is there any voluntary retirement or golden handshake scheme in the offing, now that the government has asked for reduction in the staff strength?

A: The government is in fact following SAIL's policy in this regard. We have reduced nearly 20,000 staff in the last four years. We are retraining surplus staff for different job application.

Q: What is the effect of the recent developments in the erstwhile Soviet Union on SAIL?

A: We are trying to assess. Mostly the collaboration is of supply of equipments. There are some problems and delay in shipping of spares. The materials are coming. All contracts are being honoured by them.

Q: How are you affected by abolition of freight equalisation scheme?

A: With the ceiling that has been fixed, SAIL stands to lose about Rs 60-70 [illegible]