

BTVI | 31st May 2019

PSUs Should Be Made Independent: Vedanta Group Chairman Anil Agarwal



Anil Agarwal, Chairman, Vedanta Group, tells BTVI's Siddharth Zarabi that he is confident of the new Narendra Modi-led government taking initiatives, continuing reforms in several areas to boost economic growth, says the key priorities should be eradicating poverty and creating a large number of jobs, talks about Vedanta's future investments in India, the need for exploring our own resources, producing crude oil, gas and minerals, making PSUs independent, and also speaks about his philanthropic interests.

Here is the full transcript of the interview:

Siddharth Zarabi: What are your expectations from Modi 2.0? What do you think the agenda is going to be? What are your priorities?

Anil Agarwal: Everyone is curiously looking at us, the largest democracy of the world. Modi will be the balancing factor between the events that are going on the world – the US-China trade and others. The mandate has been given by the people to eradicate

poverty and create jobs. He is the one who protects our interests. He will make India a developed country.

Siddharth Zarabi: Economic development needs to take off. What needs to be done in the metals and mining sectors. What needs to be done to get out of the trouble and create jobs?

Anil Agarwal: We have done well above the ground. Haritkranti has come. India has enough capabilities, enough young people who can contribute to the country. We have to protect our environment. We have to bring in sustainability. Even if we produce half of the oil which we import, half of gold which we import, we will be in current account surplus. We have huge potential. Indian entrepreneurs are capable of bringing in foreign investments. And, the policy should not be revenue-based but production-based. We have so much of coal. Why are we importing? Mining policy should be simple. And, our backbone is public sector. Make them independent. I am not telling to privatise. Let them be run like an ITC or an L&T. Some PSUs can be privatized, some others can be made independent. Bureaucracy should come down as much as possible. Next is government has no business to be in business sector. Once this is cleared, I assure output of PSUs will increase three-fold and this could increase employment four times. Our decisions should be taken by the Collectors. Make decentralization of policies.

Siddharth Zarabi: Steel companies are in debt trap. After all the IBC clean-up and the bids that have come in, do you see our steel sector witnessing a turn-around? What is the state of overall commodity prices in China?

Anil Agarwal: India will need 300 million tonne of steel. Today, we hardly produce 50-60 million tonnes. This requires huge reforms in mining sector. So, we cannot import iron ore and produce steel. And, India is the biggest place for iron ore. I believe that with the help of this government, 100 million tonnes capacity will be added. Strong minister has come for it. Dharmendra Pradhan has already reformed oil sector. He will also open up steel sector.

Siddharth Zarabi: How do you see domestic production of crude oil and gas which will help our foreign exchange and give economic boost?

Anil Agarwal: India has huge reserves. Our Barmer site is the largest site in the world for hydrocarbon. World's best partners are working there. At the moment, we are producing 230,000 barrels. We are going to 450,000 barrels in two years time. I can tell you the world does not want us to produce crude oil and gas. They want us to be dumping ground of products.

Siddharth Zarabi: Many feel that things are not moving at a pace that is required. How do you see it?

Anil Agarwal: Please don't look back at what happened. Just look at what the government will do in the first 100 days. Expect Modi government to prioritise mining sector. Our imports should come down. We have to produce oil and gas. We have to make PSUs and banks independent.

Siddharth Zarabi: We are seeing vehicle sales have come down. There are reports that steel demand is going to fall. Immediately what needs to be done?

Anil Agarwal: Several sectors are facing a downturn. Growth and slowdown are part of the cycle.

Siddharth Zarabi: Many felt the government should have done something when Jet Airways fell.

Anil Agarwal: Yes, the government should have saved Jet Airways. As long as promoters are honest, and do not steal money from the company, the government should help them.

Siddharth Zarabi: It is observed that many businesses are not making money and for them it is becoming very difficult.

Anil Agarwal: It is correct. In the world, there is no dearth of money to open star-ups and establish factories. They are raising 100 billion dollar funds. We can't even imagine. Vedanta has brought Rs 2,60,000 crore from outside India and invested in India. On this, we paid tax of Rs 1,60,000 crore tax.

Siddharth Zarabi: How is that the taxmen are still against Indian companies and foreign companies are going scot-free?

Anil Agarwal: Modi government is transparent. Expect the government to reach even to the last man.

Siddharth Zarabi: In the first term, you consolidated your non-ferrous oil business and expanded optical fibre business. What is your agenda for the next 5 years?

Anil Agarwal: We are aiming at sales of \$ 20 Bln, expect profit of \$ 6-7 Bln. In two years, we are investing Rs 50,000 crore. With this, our sales will be \$ 30 Bln and we will make \$ 11-12 Bln profit. This is our immediate vision. After this, we want to make our oil, aluminium, steel, zinc companies huge. We plan to merge as second largest producer of silver in the world. Through our Sterlite Technology company we have set up fibre optic in 1,30,000 villages. 1 million are attached with our company. We are adopting 50,000 crore children, will give them education, provide healthcare, and provide nutritious meal. We are also planning to bring 20,000 crore women to mainstream and give them some incentive.

Siddharth Zarabi: How are you going to finance this expansion?

Anil Agarwal: If one goes to our Barmer plant, one knows how enthusiastic our employees are to put in their hardwork.

Siddharth Zarabi: Are you going to be conservative about your debt or you see a change in your debt to equity profile?

Anil Agarwal: We always maintain debt-equity ratio. We try to be risk-averse.

Siddharth Zarabi: Lot of people say that the cost of capital in India needs to be significantly lowered. Lodha Builders said they will be uncompetitive unless they get 200 basic points reduction. What do you have to say on this?

Anil Agarwal: Finance Minister Nirmala Sitharaman is very efficient. We have seen the results in the Defence sector. She will find a way out so that we get to see lower cost of capit