

in gross terms should be 2 per cent of the national income of those countries.

Shrimati Savitri Nigam: Is the hon. Minister aware that because of the non-implementation of the resolution by the developed countries, the export earnings of the developing countries are going down, the reason being very obvious that while the prices of the finished goods have gone up, the prices of the raw materials have gone down considerably? I would like to know from the hon. Minister whether any attempt has been made, in view of the loss which the developing countries are facing, to organise the developing countries not to supply the raw materials at such a low rate and to implement the resolution indirectly.

Shri Manubhai Shah: A few steps have been taken in this direction though not in as concrete terms as the hon. Member is suggesting. The first step is that we have a commodity commission in the United Nations General Assembly of the U.N.C.T.A.D., in which it has been proposed that international commodity agreements, such as, sugar, wheat, rice, tea, cocoa, coffee and various other products of importance to the developing countries, should have a floor price below which no developed country can buy from the developing countries. This is the first step. It is not that it has succeeded. But the effort is towards stabilising the prices of the raw materials of the developing countries.

On the question of the importation of the sophisticated and complex technologies from the developed countries, of which the hon. Member said that the prices are going up, the negotiations are made at dismantling tariff walls—the entry of goods in different countries has a certain amount of tariff scale—and it is necessary to see that these tariffs are reduced in order to make the cost of these imports cheaper to the importing countries. But I must express my total dissatisfaction at the progress so far made.

The progress by the industrialised countries has been halting and we are still pursuing the matter.

Zinc Smelter Project at Visakhapatnam

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*635. **Dr. P. N. Khan:**

Dr. M. M. Das:

Shri Bhagwat Jha Azad:

Shri M. L. Dwivedi:

Shri S. C. Samanta:

Shri Subodh Hansda:

Will the Minister of Mines and Metals be pleased to state:

(a) whether the contract with M/s. Centrozap of Poland for the preparation of a detailed Project Report about the Zinc Smelter Project at Visakhapatnam has been concluded and the report in this regard submitted;

(b) whether Government expect to get technical and financial assistance from Poland for the implementation of the project;

(c) if so, whether any agreement has been concluded with the Polish Government; and

(d) the progress, if any, made in the implementation of the Project?

The Deputy Minister in the Ministry of Mines and Metals (Shri S. A. Mehdi): (a), (b), (c) and (d). A contract was concluded on 28th February, 1966 with M/s. Centrozap of Poland for the preparation of a detailed project report for a Zinc Smelter, based on the imported zinc concentrates to be set up at Visakhapatnam, with Polish technical and financial assistance, during the Fourth Five Year Plan. The work on the preparation of the project report was however stopped in September, 1966 consequent on the non-inclusion of the project in the Fourth Five Year Plan.

Dr. P. N. Khan: May I know the number of places which were selected initially and also why Visakhapatnam was given preference and whether this

was due to any political pressure from that State?

Shri S. A. Mehdi: There was no political pressure in this. As I said last week, it is a question of having imported concentrates which are standing in the way at the moment due to tight foreign exchange position.

Dr. P. N. Khan: May I know whether any attempt was made to get the project report done by any indigenous firm and, if so, which firms were approached?

Shri S. A. Mehdi: As I have said, the contract had been made and the project report has already been prepared.

Dr. M. M. Das: The hon. Minister has said that a contract had been made and the Polish Government agreed to give financial and technical assistance. He has also said that in last September the scheme was abandoned, if I could follow him properly. Now this is rather confusing. An agreement was made with a foreign country and then for some reason the scheme has been abandoned. What are the reasons for abandoning this important scheme and what were the commitments of the Polish Government, i.e., the terms of the agreement that we entered into with the Polish Government?

Shri S. A. Mehdi: We had a contract with the Polish Government in the initial stages to prepare the project report and, as I have said, some expenditure has already been made on that; about Rs. 13 lakhs have been spent in the preparation of the project report and other expenses also have already been incurred. The question is that even after the project report is prepared, the financial position would not allow us to push this matter further because of the yearly import of zinc that is required.

The Minister of Mines and Metals (Shri S. K. Dey): May I also add this to what my colleague has just now said?

There is also another consideration. The establishment of the zinc smelter involves considerable investment of foreign exchange. It was felt by the Planning Commission on the basis of the study made by experts that the advantage secured by the country between the import of concentrates and the finished metal was not such as to justify the utilisation of the hard foreign exchange today for the establishment of this zinc smelter. Therefore, the scheme had to be abandoned.

Dr. M. M. Das: What was the expenditure already committed?

Mr. Speaker: That will be another question.

Mr. M. L. Dwivedi.

श्री म० ला० द्विवेदी : क्या इस बीच में हमारे देश में ऐसी खदानों का पता चला है, जहाँ पर जिंक मिल सके और क्या यह महसूस नहीं किया गया है कि हमारे देश में सैनिक काम के लिए भी और देश की अन्य आवश्यकताओं के लिए भी इस जिंक स्मेल्टिंग प्लांट की बहुत आवश्यकता है ? तो क्या अपने देशी उत्पादन और विदेश से मंगाये हुए जिंक से यह स्मेल्टिंग प्लांट नहीं चल सकेगा ; यदि वह चल सकेगा, तो क्या उसको चालू करने के लिए फिर से कोशिश की जायेगी ?

Shri S. K. Dey: We are very fully alive to the need for zinc metal for purposes both of Defence as well as of our industries. As the hon. Member is aware, there is a zinc smelter, together with all the mining facilities that are being established, at Udaipur, which will secure us about 18,000 tonnes of zinc per year. We are also trying to accelerate the process of exploration of zinc metal in other parts of the country and the prospects are very promising.

श्री म० ला० द्विवेदी : मैं ने यह भी पूछा था कि क्या इस प्लांट को चालू करने की सम्भावना है । उसका जवाब नहीं आया है ।

अध्यक्ष महोदय : माननीय सदस्य अपने सवाल में तीन चार बातें पूछ रहे हैं, इसलिए उनमें से कुछ रह जाती हैं ।

Shri S. K. Dey: I have already indicated that there will have to be further expansion of the production of zinc in this country and, therefore, of smelting capacity.

श्री भागवत झा प्राजाद : मैं यह जानना चाहूंगा कि विशाखापतनम में स्मेल्टर परियोजना पर इकरारनामा हो गया और उत्पादन प्रारम्भ हो गया तो इसकी प्रारम्भिक और अन्तिम कैपेसिटी क्या होगी ?

Shri S. K. Dey: It has not yet started. All that has been done is a preliminary investigation of the possibility of the project, and on the basis of that a project report was being prepared by our friends from Poland.

Shri M. L. Dwivedi: For what capacity?

Shri S. K. Dey: For a capacity of 30,000 tonnes per year.

Shri S. C. Samanta: May I know whether some other zinc-supplying countries were also contacted in the matter, and if so, the foreign exchange involved in those cases?

Shri S. K. Dey: We are securing zinc from all sources. The zinc concentrates which we wanted to import for the prospective Vishakapatnam smelter were intended to be imported for Iran.

Shri Subodh Hansda: This project report was prepared by Messrs. Centrozap of Poland. The earlier question put by Dr. P. N. Khan whether any indigenous attempt was made to find out the talent in our country to prepare such project report was not answered. May I know whether in preparing this project report, our experts were also associated with Messrs. Centrozap?

Shri S. K. Dey: The project report has not yet been prepared. It was in the process of preparation. I may

mention also that in regard to zinc we are woefully short of adequate expertise in this country at the moment

Shri Kashi Ram Gupta: Zinc is a scarce commodity. The hon. Minister has just now stated that we are having surveys in many States. May I know the names of the States where there are prospects of the availability of zinc in good quantity? May I also know whether the Vishakapatnam smelter will be fed by one State or more than one State or whether some quantity will have to be imported from outside also?

Shri S. K. Dey: Based on current knowledge, we have fairly appreciable deposits in the State of Rajasthan and also in the State of Andhra Pradesh.

Shri Kashi Ram Gupta: I wanted to know whether the Vishakapatnam smelter will be fed by one or more State or whether we shall have to import some concentrates from outside?

Shri S. K. Dey: When the Vishakapatnam smelter has actually been established, we shall have to consider whether we have adequate concentrates available in the country or whether we shall have to import from outside. It is very difficult at the moment to speculate.

Shri Kashi Ram Gupta: It is very strange that without having the sources they want to start the smelter.

Shri P. Venkatasubbaiah: May I know by what time the zinc smelter patnam will come up?

May I also know whether the attention of the hon. Minister has been drawn to the press report that the Central Government are going to give up the project finally, much to the dissatisfaction of the people there?

Shri S. K. Dey: I have already mentioned that because of the shortage of foreign exchange and other economic considerations, the project had to be deferred for the time being.

Shri S. M. Banerjee: The hon. Minister has just stated that the plant which is already there in Udaipur is under expansion. May I know whether the French experts who were to come to India to suggest ways and means of further expansion of that project are in India, and if so, when the final report is going to be given by them?

Shri S. K. Dey: The French experts were expected to have landed in India just about the end of last month. I cannot exactly say whether they have actually arrived. When they do arrive, we shall certainly consult them in regard to the working of the present smelter which is under erection and also the possibilities of further expansion.

Shri S. M. Banerjee: My question has not been answered. I wanted to know whether the experts had come already?

Mr. Speaker: He has answered it already.

Export of Finished Products

*636. **Dr. Karni Singhji:** Will the Minister of Commerce be pleased to state:

(a) the percentage of manufactured goods to total exports made by India during 1965-66; and

(b) the steps being taken to increase exports of finished products and to reduce the quantum of export of raw materials from the country?

The Minister of Commerce (Shri Manubhai Shah): (a) The proportion of wholly or mainly manufactured articles in India's total exports in 1965-66 was roughly 48 per cent.

(b) The detailed steps taken after devaluation to assist manufacturing units in the matter of stepping up production and increasing exports are given in my statement laid on Table of the Lok Sabha on 16-8-1966. Encouragement is also given to better in-factory organisation.

tion for planning and programming for production of exports, quality control and pre-shipment inspection, better packaging and storage after-sales service and cost reduction. Moreover, as recommended by the Board of Trade from time to time, every encouragement is given to processing raw materials before export, for example by modernising factories for the manufacture of boots and shoes, making of garments and finished raw hides and skins, pelletising iron ore and so on.

Dr. Karni Singhji: May I know how much of the exports of manufactured goods comprise industrial machinery and appliances and other consumer goods and how much agriculture based commodities?

Shri Manubhai Shah: Agricultural commodities as purely non-processed will come to about 30 per cent. But if we take jute goods and processed agricultural products like sugar and cotton, 78 per cent of India's exports are either agricultural commodities or based on agricultural commodities.

Dr. Karni Singhji: In order to attract the foreign markets and promote exports in our industrial goods and other non-agricultural consumer goods, what steps are being taken to bring our goods to compare favourably with international standards both in finish and performance, and what, generally, is the reputation of Indian products abroad?

Shri Manubhai Shah: 82 per cent of the goods now which are being exported have come under compulsory quality control and pre-shipment inspection. I can inform the House that in the last two years, particularly in the last one year, we have received a minimum of damage claims from foreign buyers.

Shri K. C. Pant: It is a well-known fact that Indian costs of production are, much higher than international costs, and one of the reasons for this is that the Tariff Commission fixes that