

कम होने से जो पैसे बचे हैं, क्या अन्तरिम महानगर परिषद् को ऋच के लिए वे दिये गये हैं या अलग से कोई पैसे दिये गये हैं ?

श्री बिद्या चरण शुक्ल : केन्द्रीय सरकार पर से भार तो अवश्य कम हुआ है। जहाँ तक पैसे का सवाल है, वह अलग से देखना पड़ेगा।

Production of Fertilizers

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- *457. **Shri P. C. Borooh:**
Shri Bhagwat Jha Azad:
Shri S. C. Samanta:
Shri Subodh Hansda:
Shri M. L. Dwivedi:

Will the Minister of **Petroleum and Chemicals** be pleased to refer to his statement on the 7th September, 1966 regarding Fertilizer Plants and state:

(a) whether, as stated by him, Government are doubtful about the private sector's capacity to fulfil its Fourth Plan target of 900,000 tonnes of fertilizer and do not expect it to go beyond 300,000 tonnes;

(b) if so, the steps taken to allocate the balance to public or corporate sector; and

(c) the decision taken about the allocation of capacity in the public, private and corporate sectors?

The Deputy Minister in the Ministry of Petroleum and Chemicals (Shri Iqbal Singh): (a) to (c). The progress made in the private sector for the establishment of fertilizers has not been very satisfactory. About 883,500 tonnes capacity in terms of nitrogen has been approved for implementation but construction work has not so far been started.

Government is considering the location of a fertilizer factory at Barauni and expansion of the fertilizer plants at Namrup and Trombay.

Shri P. C. Borooh: Having rejected the World Bank proposal to invite private foreign capital to develop fertiliser industry through a new consortium, may I know if the World

Bank has suggested any alternative proposals to invite foreign private investment for development of the fertiliser industry in the private sector in India?

The Minister of Petroleum and Chemicals (Shri Alagesan): A few years ago, there was the Bechtel Consortium. It came in a big way and they started with the idea of putting up 5 fertiliser plants totalling a capacity of 1 million tonnes of nitrogen. Then, that did not materialise because at the end, they said that they will not be able to find the finance for it. It so happened that when the Finance Minister visited the United States of America and had discussions with the World Bank people—that is also a subject matter of Short Notice Question later—they again revived the question of the consortium. Naturally, it was felt, when the previous consortium came to nil, if they undertake any negotiation with the consortium to study the question afresh, etc. that will cause enormous delay and it will come in the way of our realising the fertiliser programme.

Shri Bhagwat Jha Azad: While appreciating the Government's attitude not to be pressurized by American capital, I would like to know what other avenues, apart from Italian credit and Japanese credit, which are going to be available for the fertiliser factory, are being explored by the Government to have the full, required production in the country.

Shri Alagesan: As the House knows, we have taken upon ourselves the construction of two very large-sized fertiliser projects, one in Durgapur and the other at Cochin. We have received offers from Italy of some more commercial credit; we have also received offers of commercial credit from Japan. We propose to utilise all these commercial credits, we propose to negotiate and then put up more factories.

Shri S. C. Samanta: May I know how many private companies have

not come up to their full capacity and whether any reminder has been sent to them to come to full capacity?

Shri Alagesan: It is not only a question of reminder but we are also talking to them constantly and goading them to stick to the schedule. For instance, we have given licence to the I.C.I. people to put up a very large fertiliser factory in Kanpur—200,000 tonnes of nitrogen. The International Finance Corporation also agreed to extend them a loan. At that stage they said that they were now trying to recast their estimates and they were also discovering a new process which might decrease the cost of the factory a little further and so, they wanted some more time. In this manner things are going on. We are constantly trying to impress upon them the necessity to put up their factories and come into production as soon as possible.

Shri Subodh Hansda: The Minister has said that the performance of the private parties is not so satisfactory. If that is so, I would like to know how many firms have been issued licences to set up these factories and how many of them have not been able to fulfil the interest of the private sector industry. I would also like to know whether any of the licences has been cancelled for their not fulfilling their commitments.

Shri Iqbal Singh: The total capacity that has been licensed to the private sector or approved in principle is 1.085 million tonnes and out of that only Visakhapatnam, Gujarat and Ennore have made some headway or progress; they will go into production next year. Regarding the other projects totalling about 8.83 lakh tonnes, they have not made any progress. We are reminding them.

Regarding cancellation of the licence, we have given notice for revocation of one licence that was issued about a few years ago.

श्री म० ला० द्विवेदी : मंत्री महोदय ने फर्टिलाइजर के कारखाने के सम्बन्ध में जिन स्थानों का नाम लिया है, जैसे ट्राम्बे और बरौनी आदि, वे ऐसे स्थान मालूम पड़ते हैं, जहाँ कारखाने बनाने से फर्टिलाइजर के दाम में वृद्धि होगी, क्योंकि अभी एक प्रश्न के उत्तर में सरकार की ओर से बताया गया है कि कच्चा माल कारखाने तक ले जाने के कारण मूल्यों में वृद्धि हो जाती है। मैं यह जानना चाहता हूँ कि कारखानों के स्थान का चुनाव करने के पूर्व इस बात का निश्चय क्यों नहीं किया जाता है कि जहाँ पर कच्चा माल नजदीक में नजदीक उपलब्ध हो वहाँ पर कारखाना खोला जायेगा, न कि ट्राम्बे जैसे स्थान पर, जहाँ कच्चा माल नहीं पहुँच सकता है। जिन स्थानों के नजदीक कच्चा माल उपलब्ध है, वहाँ पर कारखाना खोलने में क्या अड़चन है ?

श्री इकबाल सिंह : बहुत से कारखाने नैप्या से फर्टिलाइजर बनाते हैं। इसलिए अगर ट्राम्बे में कारखाना बनाने का फैसला किया गया है, तो वहाँ पर नैप्या प्लांट होने की वजह से कच्चा माल निहायत आसानी से मिल सकता है। ये कारखाने तकरीबन उन्हीं जगहों पर लग रहे हैं, जहाँ कच्चा माल सस्ता मिल सकता है, या मिलने की आशा है।

Shri P. C. Borooah: Assuming that foreign private assistance is negligible, may I know whether Government has prepared any core plan for production and if so, what is the target fixed for the private sector and the public sector in the Fourth Plan?

Shri Iqbal Singh: Regarding the target for public sector in the Fourth Plan, so far we have approved about 1.1 million tonnes for implementation in principle and we are negotiating for these; that target has been approved. If further capacity is available, if loans are available and if we can put up more factories, we will put up more factories.

Shri Alvares: One of the difficulties in the way of the American fertiliser companies setting up the fertiliser complex in India was the reported preference of these companies to base the fertiliser on imported liquid ammonia. Now that the World Bank team has conceded the Government's position that the fertiliser should be based on locally produced naphtha, may I know the state of progress in arriving at an agreement with these companies?

Shri Iqbal Singh: Locally produced naphtha is available. There is no question of importing ammonia. We have already made that clear to the World Bank also. As far as the availability of naphtha is concerned, we have enough naphtha for 2.4 million tonnes production.

Shri Alvares: He has not answered my question. The Fertiliser corporations were not agreeing because they insisted upon basing the fertiliser on imported liquid ammonia. Now that the World Bank team has conceded India's position that the fertiliser should be based on locally produced naphtha, may I know at what stage in the progress of finalisation this deal has now come up?

Shri Iqbal Singh: Regarding the availability of naphtha, as I have already said, we have got enough naphtha. There is no question of talking to the World Bank or convincing the World Bank.

Shri Alvares: He has not understood my question. I have already repeated my question twice.

Mr. Speaker: If it has not been answered, would he kindly repeat it?

Shri Alvares: I had asked the following question. Now that the World Bank team has conceded or are in agreement with the Government of India's position that fertiliser factories built hereafter with American collaboration should be based on locally produced naphtha instead of on im-

ported liquid ammonia as was being insisted upon before, may I know how far there has been progress registered with these companies who had been holding back so far?

Shri Alagesan: There is a little confusion in the hon. Member's mind. He wants to know what progress has been made. We have never waited for the World Bank to accept this position. We have been going ahead on the basis of making our fertilisers with indigenous naphtha. So, the concession that the World Bank has made has not made any difference, because we have been proceeding on the basis of locally produced naphtha.

Shri Alvares: Of course, it does, because the American companies will not proceed unless the World Bank gives the clearance.

Shri Alagesan: The hon. Member should listen to me.

Many collaborations have been concluded on the basis of indigenous naphtha and not imported ammonia. So, the concession of the World Bank has not made any difference.

Mr. Speaker: He is only asking whether any scheme is there with American collaboration for fertiliser production based on naphtha which is indigenously available.

Shri Alagesan: Yes, Goa is one such and Mangalore is another such.

Mr. Speaker: He will be interested in Goa.

Shri Ranga: In view of the fact that Government themselves as well as private entrepreneurs are finding it so difficult to establish these fertiliser factories for various reasons, have Government thought of giving any special facilities and also assistance to these private entrepreneurs to fulfil the obligations that they have taken upon themselves in order to fulfil the target that the country is placing before itself in regard to fertiliser production in our country?

Shri Alagesan: As far as the private sector fertiliser factories go, we have said that the foreign collaborator can hold 51 per cent, that is, majority shares. We have also assured the Indian partner that there will be no dearth of rupee finance, and institutions will finance the rupee part of the expenditure. So, these two concessions are there.

श्री हुकम चन्द कछवाय : मैं यह जानना चाहता हूँ, माननीय मंत्री जी ने प्रश्न के उत्तर में बताया था कि हमें कुछ जापान से सहायता बहुत जल्द मिलने वाली है और हम उर्वरक कारखाना लगाने वाले हैं, तो यह कहाँ लगने वाला है, जापान से किस माध्यम पर सहायता मिलने वाली है, क्या कोई शर्त उसमें लगी हुई है और उससे कितना उत्पादन उस कारखाने से होगा ?

Shri Alagesan: It is commercial credit which is offered on these terms. A certain amount is paid in the beginning. Then, after some years we pay the debt on a deferred basis, in the course of ten years or so.

श्री हुकम चन्द कछवाय : यह कहाँ लगने वाला है और कितनी राशि मिलने वाली है ?

Shri Alagesan: All that is under consideration.

Shrimati Sharda Mukerjee: May I know whether there were any conditions put by the foreign collaborators from America regarding (a) the return on the invested capital, and (b) the markets in which the fertilisers will be sold after meeting the indigenous requirements?

Shri Alagesan: There was no condition put as far as the pay-back was concerned, because in these chemical fertiliser factories we may expect to pay back within five years; they know it and they have not made any condition of it.

As far as selling in a particular area is concerned, one collaborator insisted that a certain area should be earmarked for them. We told them that the very fact that we had given price freedom and the freedom to distribute would be nullified if one area was earmarked for a particular factory. So, we said that the other people also should be free to go and sell in any area as they please.

Dr. I. M. Singhvi: The crux of the problem seems to be that our fertiliser production programme is considerably behind hand. We would like to know whether the programme is being pruned or efforts for augmenting the fertiliser production are being undertaken now and stepped up?

Shri Alagesan: Our target is to establish a capacity of 2.4 million tonnes in the Fourth Plan and we have taken various steps in that regard. I have got the various factories and their capacities. For the benefit of the hon. Member I may give some figures.

Mr. Speaker: Are there many figures? In that case he could lay a statement on the Table of the House.

Shri Alagesan: I shall be giving only three or four figures. In 1967-68, a capacity of 300,000 tonnes will be established. In 1969-70 a capacity of 4.5 lakhs tonnes will be established. In 1970-71, a capacity of 8.8 lakhs tonnes will be established, and in 1971-72, that is, the first year of the Fifth Plan, a capacity of 6.3 lakhs tonnes will be established, and all these total up to 2.8 million tonnes. So, even if all this does not come up in the last year of the Fourth Plan, we are hoping to have all these things by the first year of the Fifth Plan.

Shri Indrajit Gupta: In view of the fact that the fertiliser production is proceeding in a somewhat pragmatic and haphazard manner as and when possible, both in the public and in the private sector, both with for-

eign capital and with indigenous capital, may I know whether Government have any proposal to exercise overall control over the prices and distribution of the finished product, whichever unit it may come out of?

Shri Ranga: They are doing it now and they are profiteering.

Shri Alagesan: I agree with the hon. Member when he says that the fertiliser production programme is proceeding on a pragmatic basis. But I should join issue with him when he says that it is proceeding on a haphazard basis. It is not proceeding on a haphazard basis.

He wants to know whether we shall control the prices. We have said, and that is one of the conditions that we wanted to enunciate for attracting private foreign capital, that any factory that would be licensed or for which a letter of intent will be issued by March, 1967 will have the freedom to price its products and distribute its products as they feel right for seven years after they go into production.

Shri Ranga: But nobody has come forward till now.

Shri S. M. Banerjee: What has happened to the fertiliser project in Kanpur? The land was acquired and everything was done there. I would like to know whether Kanpur is going to have a fertiliser plant or not.

Shri Alagesan: I have already answered this question.

SHORT NOTICE QUESTION

Foreign Private Capital for Fertilizer Industry

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SNQ.3. Shri P. C. Borooah:
Shri S. M. Banerjee:
Shri Indrajit Singh:
Shrimati Tarkeshwari
Sinha:

Will the Minister of Petroleum and Chemicals be pleased to state:

(a) whether it is a fact that the World Bank has made a fresh demand

that Government should either accept the Bank's suggestion for inviting foreign private capital to develop Fertilizer Industry in private sector or forgo the institutional assistance to this vital sector of economy;

(b) whether there is a proposal to float a new consortium consisting of leading American Chemical and Petroleum Companies to assist in setting up a chain of Fertilizer Plants in the Private Sector in India; and

(c) if so, Government's reaction to these demands and proposals?

The Deputy Minister in the Ministry of Petroleum and Chemicals (Shri Iqbal Singh): (a) No, Sir

(b) and (c). The World Bank have revived a proposal of assembling a Consortium for investing in fertilizer projects in India. This was discussed by the Finance Minister when he went to Washington. The Finance Minister duly explained that we have got experience of the previous consortium, namely Bechtel, and how it was not possible to accept those conditions.

Shri P. C. Borooah: May I know whether in the two alternative proposals for foreign private investment given by the World Bank recently, there was no stipulation with regard to the use of such indigenous raw materials like liquid ammonia which are available within the country? If so, which are the three projects in respect of which this stipulation is not in the agreement?

The Minister of Petroleum and Chemicals (Shri Alagesan): All this has been covered fairly widely in the questions already answered today. We have stated that we are going to have surplus naphtha in the country for a number of years and we will base our fertiliser factories on indigenous raw materials.

Shri P. C. Borooah: May I know whether it has been stipulated that