

Areas. May I know whether school-going children have been supplied free with books and other things?

**Shri J. N. Hazarika:** There is no provision for free supply of books and other things for school-going children. But they are sometimes helped from the provisions for grants and contributions. The orphan boys and school children are provided books and other things free.

**Shri Rishang Keishing:** May I know how the expenses for the maintenance of the Assam Rifles have been included in the Budget for the development of the North-East Tribal Areas?

**Mr. Deputy-Speaker:** If it was there in the last year's Budget, it was there. If it is there, then in the coming Budget it will come. What does the hon. Member want?

**Shri Rishang Keishing:** My question was how the expenses for the maintenance of the Assam Rifles have been included in the Budget for the development of the tribal people in the North-East Frontier Agency.

**Shri Jawaharlal Nehru:** They have been included because the question was about the sum allotted for their development and also the maintenance of the Assam Rifles. So, the two figures are given separately.

**Shri Rishang Keishing:** Have the Government taken note of the vital importance of good roads for the development of these tribal areas, and if so, has any progress been made in this respect?

**Shri Jawaharlal Nehru:** Building of roads is given the top priority.

**Shri K. K. Chaudhuri:** I want to ask a question of the Parliamentary Secretary.

*(Shri R. K. Chaudhuri put the question in Assamese).*

**Shri J. N. Hazarika:** I am satisfied...

**Mr. Deputy-Speaker:** Order, order. That is not the language the hon. Member should use. Hon. Members must speak either in Hindi or in English.

**Shri R. K. Chaudhuri:** We are allowed to speak in our mother tongue and this is a rare opportunity I am getting.

**Mr. Deputy-Speaker:** Hon. Members have got enough opportunity to speak their mother tongue outside this House.

**Shri Beli Ram Das:** Has any community project been taken up in the Frontier Agency, and if so, at what cost?

**Shri J. N. Hazarika:** Yes, Sir. One development project has been taken up and about Rs. 6,73,000 will be spent in one year of the three-year plan.

**Shri Beli Ram Das:** May I know the nature of the works done?

**Shri J. N. Hazarika:** The nature of the works is—agricultural expansion, irrigation, reclamation, health and rural sanitation, education, social education including community recreation centres, adult education, etc.

**Shri Rishang Keishing:** What were the most common and important problems brought to the notice of hon. the Prime Minister by the people in these areas during his visit?

**Shri Jawaharlal Nehru:** The hon. Member is referring to the North East Frontier Agency or to the autonomous district?

**Shri Rishang Keishing:** Frontier Agency.

**Shri Jawaharlal Nehru:** The biggest problem was of communications. The second problem or the second demand was for schools. Those seem to dominate other matters.

#### SETTING UP OF AN INTEGRATED IRON AND STEEL PLANT

\*103. **Shri Nanadas:** Will the Minister of Production be pleased to state:

(a) whether the discussions with certain Japanese and American interests for the setting up of an integrated Iron and Steel Project in India, have been finalised; and

(b) if so, whether Government propose to lay on the Table of the House a copy of the agreement arrived at?

**The Minister of Production (Shri K. C. Reddy):** (a) The discussions have concluded

(b) Does not arise as no agreement has been reached.

**Shri Nanadas:** Is it a fact, Sir, that the Government have given up negotiations with the American and Japanese interests for technical and financial collaboration in the setting up of the new iron and steel plant, as the terms imposed by the interests are inconsistent with the State control of the plant?

**Shri K. C. Reddy:** I have already answered that question on the floor of the House the other day.

**Shri Nanadas:** Is it a fact, Sir, that the Government are now contemplating to seek the co-operation of Britain for technical and financial collaboration in the setting up of the new plant with a view to get the Sterling Balances and utilise them for the purpose, as the terms of the U.K. interests are more favourable than those of the American and Japanese interests?

**Shri K. C. Reddy:** All that is mere speculation and story. There is nothing like that that has happened.

**Shri Nanadas:** May I know, Sir, whether the proposed integrated iron and steel plant will be completely State-owned and controlled or whether it will be only a State controlled project?

**Shri K. C. Reddy:** It is intended to be a State-controlled project, but I cannot say whether it will be entirely financed and owned by the State.

**Shri Nanadas:** In view of the fact that this matter has been pending since 1948, may I know, Sir, at what stage the matter stands regarding the integration of this plant, and how long will it take for the project to be completed and the location of the plant decided?

**Shri K. C. Reddy:** As I said yesterday in the other House, Sir, Government also are not quite happy that there has been so much of delay over this important matter. But the delay was inevitable under the circumstances. Government are taking every step necessary in order to have this iron and steel plant in our country, State-controlled, at an early date. Just at present a Technical Mission has been constituted on which there is a representative of the World Bank, a representative of the firm of Koppers in America and also an officer of the Government of India. That Commission has already commenced its work and we are expecting the report of that Commission in about two months' time. After that is received we will take every possible step in order to expedite the installation of this integrated iron and steel plant.

**Shri K. K. Basu:** May I know, Sir, whether the idea of establishing an integrated plant has been finally dropped?

**Shri K. C. Reddy:** It has not been dropped. On the other hand, we are proceeding with regard to the matter very actively.

**Shri Meghnad Saha:** Do I understand, Sir, that the Minister justifies

the delay in giving effect to this as inevitable?

**Shri K. C. Reddy:** I am not justifying anything. I am stating a mere fact.

**Shri G. P. Sinha:** May I know Sir, where the plant is going to be located?

**Mr. Deputy-Speaker:** That has been asked again and again.

**Shri G. P. Sinha:** Is there a proposal from Damodar Valley for starting a steel project centre there?

**Shri K. C. Reddy:** I have no information.

**Shri Nanadas:** What are the specific considerations that compelled the Government to get the project report prepared afresh?

**Shri K. C. Reddy:** Originally the idea was to establish a steel plant. But now our idea is to establish an integrated iron and steel plant. That is one of the main reasons. Secondly, the existing steel concerns have launched an expansion programme. Because of that we have to determine what categories of steel have got to be manufactured in the proposed integrated iron and steel plant. And the capital that will be required for the proposed iron and steel plant, has to be worked out afresh. For all these reasons we have decided to set up a new Technical Mission to go into all aspects of the question and to give us a fresh up-to-date report after reviewing all the previous project reports in order to enable us to go ahead quickly with regard to this matter.

**Shri V. P. Nayar:** May I know, Sir, the year in which Government now hope that the integrated plant will start working in India?

**Shri K. C. Reddy:** I won't make any prophecy, Sir. But Government will take every possible step to have this done as early as possible.

**Shri Meghnad Saha:** In view of the fact that the steel requirements of India have been stated to be 2½ million tons and the expanded programme of the factory already existing comes up to only 1.3 million tons, may I ask the Minister how he justifies the fact that the Government cannot enter into any new plan without considering the situation which is already there?

**Shri K. C. Reddy:** I did not say that the Government is not thinking

of any new plan. On the other hand, I said that there is every desire on the part of Government to establish this factory.

#### GOVERNMENT HOUSING FACTORY

**\*104, Shri K. K. Basu:** Will the Minister of Production be pleased to state:

(a) whether the Government Housing Factory has been converted into a private limited company;

(b) whether besides the Government of India there are any other interests in capital of this Company; and

(c) if the answer to part (b) above be in the affirmative, what is the share in capital of each such interest?

**The Minister of Production (Shri K. C. Reddy):** (a) Yes. The assets of the Housing Factory have been leased to the Hindustan Housing Factory, Ltd.

(b) Yes. There is one other shareholder, Messrs. Basakha Singh-Wallenborg, Ltd.

(c) The Government of India and Messrs. Basakha Singh-Wallenborg, Ltd. share the capital of Rs. 5 lakhs. of which Rs. 1 lakh is paid up, equally.

**Shri K. K. Basu:** May we know whether there is any special condition as to the management of these concerns?

**Shri K. C. Reddy:** The management will vest with Basakha Singh-Wallenborg Ltd.

**Shri V. P. Nayar:** What is the percentage of the leased amount to the entire capital amount invested in the factory?

**Shri K. C. Reddy:** The plant and machinery of the Hindustan Housing Factory will be leased to the new company. The new company will pay rent on that equivalent to the depreciation allowance on the assets according to the income-tax law. I may add that it comes to about Rs. 1.75 lakhs per annum.

**Shri V. P. Nayar:** That is not an answer to my question, Sir. What is the percentage of the lease amount to the capital invested on the plant?

**Mr. Deputy-Speaker:** The hon. Member wants to know the percentage of their contribution to the capital expenditure.

**Shri K. C. Reddy:** The position is this. The assets of the Factory which

are now there will be leased to the new company on certain terms. The new company will put in fresh working capital. Ten lakhs will be necessary. The new company Basakha Singh-Wallenborg Ltd. will incur additional expenditure to the extent of about 17 lakhs of rupees for importing fresh machinery that may be needed in order to work out the programme of the factory.

**Mr. Deputy-Speaker:** The hon. Member wants to know what will be the income of the Government as a percentage of the investment?

**Shri K. C. Reddy:** I cannot answer the question in that way. I answered it in a different way that we are going to get a rent on the assets which we are going to lease to the new company. The amount of rent will be equivalent to the depreciation allowance under the income-tax law, I cannot say to what percentage it will work out.

**Shri V. P. Nayar:** What will be the capital expenditure on this factory?

**Shri K. C. Reddy:** All that has been answered on a number of occasions previously, Sir.

**Shri A. C. Guha:** May we know if the hon. Minister is ready to give a full statement as regards the formation of capital etc. of this new company and the terms of agreement with Basakha Singh-Wallenborg Ltd., for the management?

**Shri K. C. Reddy:** We can place the agreement on the Table.

**Shri T. N. Singh:** Are the accounts of this company liable to be audited by Government or have Government made any special provision for checking of the accounts?

**Shri K. C. Reddy:** Well, I cannot answer the question right now. Sir. There are certain clauses in the Articles and Memorandum of Association relating to the audit of the accounts of the company.

**Shri T. N. Singh:** May we take it that the Government money invested in that particular firm is not subject to any audit control by the Auditor-General?

**Shri K. C. Reddy:** In all such industrial concerns where we have floated companies we have provided for an independent audit by the Auditor-General.