

LOK SABHA DEBATES

LOK SABHA

Monday, August, 10, 1992/Sravana 19,
1914 (Saka)

The Lok Sabha met at
Eleven of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

[English]

Modernisation of Mini Steel Plants

*471. SHRIMATI BHAVNA
CHIKHLIA:
SHRIMATI KRISHNDEERA
KAUR (DEEPA):

Will the Minister of STEEL be pleased to state:

(a) whether the Metallurgical and Engineering Consultants (India) Limited has suggested any modernisation Programme for mini steel plants including improvement of productivity quality and conservation of energy ; and

(b) if so, the details thereof ?

THE MINISTER OF STATE OF THE
MINISTRY OF STEEL (SHRI SONTOSH
MOHAN DEV):(a) and (b). A statement is
laid on the table of the House

STATEMENT

(a) and (b). In studies of the mini steel

plants conducted by Metallurgical and Engineering Consultants (India) limited, the following modernisation measures have been identified;

Improvement in productivity/quality

- (i) Introduction of high power transformers
- (ii) installation of water cooled side walls and roofs
- (iii) use of direct reduced iron
- (iv) Installation of power factor correction equipment
- (v) Mechanisation of auxiliary operations
- (vi) Continuous casting process

Reduction of power consumption and conservation of energy

- (i) Oxygen assisted melting
- (ii) Oxy-fule burners
- (iii) Scrap pre-heating
- (iv) Use of lime instead of limestone
- (v) Ladle furnaces
- (vi) Automation

[Translation]

SHRIMATI BHAVNA CHIKHLIA: Mr. Speaker, Sir, through you, would like to submit to the hon. Minister that since old technique has been the cause of low productivity in the steel plants, the Government propose to modernise this

sector; the details of which have been given in the reply given by the hon. Minister. I would like to know whether the Government has chalked out special schemes to implement those modifications? If so the time by which they will be implemented? If they have already been implemented then I would also like to know the estimated expenditure required for them and the time by which they will be completed.

[*English*]

SHRI SONTOSH MOHAN DEV: After the delicensing and decontrol of the Steel, the secondary sector is expected to have upgradation, and modernisation by themselves. As the hon. Member has said, it is a fact that in 1985 the steel Ministry had asked MECON to go into the details of the modernisation of the secondary sector. Subsequently the Science and Technology Ministry has also formed a Committee. On the basis of that Committee, I have said in my reply as to what are the recommendations. As per the recommendations, there are about 177 electric iron furnace units in the country. They have taken certain steps and they are getting finance from the IDBI. The Ministry of Steel does not have any scheme to give monetary help.

But we have our task force, which has identified the various linkages. And we give then some sort of a help to the secondary sector so that they can take advantage of its modernisation, as per the recommendation. After the delicensing and decontrol, it has now taken a step towards modernisation. I am sure that in due course this will also strengthen secondary sector.

[*Translation*]

SHRIMATI BHAVNA CHIKHLIA: Mr speaker, sir, my second supplementary question is how much production is expected to increase as a result of these modernisation programmes and how much of energy will be conserved. I would also like to know the total number of steel plants proposed to be

modernised and the places where they are situated.

[*English*]

SHRI SONTOSH MOHAN DEV: Sir, last year our production was 14.8 million tonnes. The target for this year is 16.3 million tonnes. The secondary sector has got a capacity of seven million tons. Till last year we are only producing four million ton. when decontrol and delicensing was done, at the request of the Steel Ministry the Government of India has reduced the customs duty on scrap, which is the main raw material for the secondary sector. As a result scrap availability in the country has gone up. And not only that but also the sponge iron, which is another raw material, has taken a very improved capacity utilisation in the market and more sponge iron is now available. With these measures we hope that the production, at the end of 1995-96 will go up to seven million tonnes, and by 2000 A.D. it may go upto 10 to 15 million tonnes. As I have said there are small onini plants in the secondary sector and these are, mostly in the private sector. We are only concerned with the integrated steel plant. And we are taking steps to modernise our plant in Rourkela. Contract has already been finalised. global tender has been awarded. We are also going to the PIB for Bokaro Steel Plant Modern isation in Durgapur is going on. This is a bit behind chedule mainly because of some problem in Russia as Russian firms are not working. Now we have overcome this. We expect that modernisation in Durgapur will be completed except Blastu Furnance -II by March, 1993. This is our target date. We are getting cooperation from the workers of the plant and I am sure that modernisation in Durgapur will be completed by March, 1993.

KUMARI FRIDA TOPNO: Sir, I want to know, from the Government, through you, as to whether any proposal has been received from any private sector undertaking to establish a mini steel plant in the mailing area oif Bonai sub-division of Sundergarh District Orissa, if so, what are the battenechs in approving the proposal?

SHRI SONTOSH MOHAN DEV: Sir, I do not have that information. I will send it to the hon. Member.

SHRI BAUSDEB ACHARIA: Sir, these mini steel plants are playing an important role in meeting the demands of steel in our country. There are a number of steel plants that have been closed down because of various factories. May I know from the hon. Minister whether he will direct MECON to undertake a study of these closed mini steel plants so that the plants can be revived.

Secondly, there are two closed mini steel plants in our District, Purulia. The hon. Minister has visited our district and he had assured that he would take every step for the revival of these closed mini steel plants. May I know from the hon. Minister whether he will ask MECON to study the viability of these two mini steel plants of the district, so that these two mini steel plants can be revived and start production?

SHRI SONTOSH MOHAN DEV: The year 1991 was a bad period for the mini steel plants because the availability of scrap was not there and it was because of the high customs duty at the rate of 35 per cent. now, it has been reduced. out of 177 mini-steel plants about 50 were closed. Many of them have now opened and some of the have not been able to open because of lack of power supply, not the raw-material. This is one of the difficulties about the mini steel plants. Captive power plant is also not viable. This is the main reason that some of the plant are still closed.

The hon. member has mentioned about the two closed mini steel plants in Purulia. Yes, I have visited these two plants. I have met the representatives of the Labour unions. One of the owner is in Calcutta and another is in Patna. In spite of my repeated appeals, they have not met me. If the hon. member can bring them to me for what ever assistance they require from my Ministry, I am prepared to give because the labourers are suffering. I have got full sympathy with them. Let congress and CPI(M) work together to bring them here.

SHRI VIJAYA NAVAL PATIL: Sir, the hon. Minister has mentioned that some of the steel plants are still closed because of non-availability of power supply. The first at recommendations of the MECON is introduction of high -power ransformers so, I would like to know from the hon. inister what special efforts he will make from his Ministry to revive these mini steel plants by getting the power supply from various State Electricity Boards because of they remian closed for ssome more. time, then they will be completely crippled and it will be diffucult to start them again.

SHRI SONTOSH DEV: Sir, the main problem is that these mini steel plants are not concentrated in one place, except in Ghaziabad and Mandi Gobindgarh in Punjab. As a result, for is to help them with power by providing some sort of captive power plant by calling some entrepreneur, is very difficult. These are in isolated places and they need support from the National Grid and the State Grid. We have requested the state Governments and I shall appeal to the hon. Members to impress upon the state governments because these mini steel plants are such plants which give employment to lot of unemployed youth and those are ITI passed or under-matric. So they should do it there. From our side we are trying to help them. Whenever they need any financial help and go to IDBI, we give our helping hand to them and we hope that IDBI is also trying to finance them. but availability of power mostly depends on the State government and all the State Governments are all so suffering from shortage of power. Now private sector people are also coming forward and starting power plants. Let us hope that the situation will improve.

[*Translation*]

SHRI S.M.LALJAN BASHA: Mr. Speaker, Sir, the hon. Minister is aware that steel is not available even for construction purposes to the poor people of the country. The price of steel has gone up from Rs. 7000/- per metric tonne to Rs. 14000/- per metric tonne during the last 5 years, A large number of houses are destroyed in Andhra Pradesh

every year, due to typhoons and thus they have to be reconstructed. I would like to know from the hon. Minister whether he proposes to increase the number of steel plants and Rolling Mills in States and also to bring down the prices of steel.

[English]

SHRI SONTOSH MOHAN DEV: Sir, this is most unfortunate that we are being alleged for increasing our price. The price which has been increased is because of the increase in the input cost. The prices of power has gone up, the prices of coal has gone up, railway fare has gone up and because of devaluation, the imported coking coal has become costlier. We have increased the prices by fourteen per cent to fifteen per cent and out of that, twelve per cent is because of the increase in the input costs. Real increase is only two per cent. Here, in this house, the hon. member say that the public sector should be made viable. Yes. One of the public sectors is the steel sector. Now we are having a budget of our own. No budgetary support is there. I have to modernise my plants, as said. So, the increase was inevitable. Through you, Sir, I would like to inform the house that we contribute about 56 per cent of the market demand; balance comes from the secondary sector. Still, even after the increase in the price of my steel, there is a variation of Rs. 1,000 to Rs. 1,500 per M.T. between the price in the secondary sector and the primary sector. So, the price of my steel is still lower than the market price. We know our social responsibility because our customers are Defence, Railways, communication, MES, CPWD etc. Which go in for the requirement of their steel to the public sector. In our new guidelines we have kept a provision that anybody who wants to make a house need not come to me or anybody else. He can walk into a stock yard, give his municipal permission, tell his requirement and get up to ten tonnes without any difficulty.

as regards price, I am to say that there is no chance of reducing it because what we have done, we have done because of the increase in the input cost.

[Translation]

SHRI S. M. LALJAN BASHA: Mr. speaker, Sir, the existing price of steel is Rs. 14000/- per metric tonne. Does he propose to reduce the price of steel so that it is available at low price to the people for constructing their houses?

[English]

SHRI SONTOSH MOHAN DEV: Nothing is under consideration with us for the reducing the cost.

SHRI LOKANATH CHOUDHURY: Mr. Speaker, Sir, I want to say that some measures have been recommended for modernisation of the steel plants to increase the productivity and quality. I would like to know what will be the increase in productivity if all the existing steel plants are modernised as suggested by MECON.

In that case, I want to know what is the government's proposal for modernisation or how many mini-steel plants they propose to modernise and in what time they propose do it I want know that will be increased production I also want to know how many mini-steel plants will be modernised during the coming years and what will be the total cost of modernising them.

SHRI SONTOSH MOHAN DEV: Sir, I am a bit confused. If the question is about modernisation of integrated steel plants, I can answer it. but I cannot answer if it is about mini-steel plants. The mini-steel plants produced twenty five per cent of the crude steel production. As I told provisionally also, the mini-steel plants are having a capacity of 7.5 millions tonnes upto the year 1996-1997. With modernisation and expention I think the figure will come to 11 million tonnes by the year 1999-2000.