

LOK SABHA DEBATES

LOK SABHA

Friday, August 2, 1996/Sravana 11, 1918 (Saka)

(The Lok Sabha met at Eleven of the Clock)

[MR. SPEAKER *in the Chair*]

OBITUARY REFERENCE

[English]

MR. SPEAKER : Hon. Members, I have to inform the House of the sad demise of one of our former colleagues Shri Karan Singh Yadav.

Shri Karan Singh Yadav was a Member of Fifth Lok Sabha representing Badaun Parliamentary constituency of Uttar Pradesh during 1971-77.

Earlier, he had been a Member of Uttar Pradesh Vidhan Sabha during 1952-57.

An agriculturist and advocate by profession, Shri Yadav was well-known political and social worker. He served as a trustee of Shiv Narain Dass Nehru Memorial Degree College, Badaun, member of Zila Parishad, Badaun and manager of B.R.S. Kutir College, Barbala.

Shri Karan Singh Yadav passed away on 27th July, 1996 at Badaun at the age of 71 years.

We deeply mourn the loss of our former colleague and I am sure that the House will join me in conveying our condolences to the bereaved family.

The House may now stand in silence for a short while as a mark of respect to the memory of the departed soul.

11.02 hrs.

(The Members then stood in silence for a short while.)

11.03 hrs.

ORAL ANSWERS TO QUESTIONS

[Translation]

Prices of Coal

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*321. SHRI NAWAL KISHORE RAI :

JUSTICE GUMAN MAL LODHA :

Will the Minister of COAL be pleased to state :

(a) whether Government have decontrolled the prices of various grades of coal during the last few months;

(b) if so, the details thereof and the extra amount likely to be received by coal producing companies as a result of the said price rise;

(c) whether the Government also propose to decontrol the production of coal to open more competition in this sector; and

(d) if so, the steps taken by the Government to fully decontrol the coal industry?

THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRIMATI KANTI SINGH) : (a) to (d). A statement is laid on the Table of the House.

STATEMENT

(a) and (b). Pricing of coking coal and A, B & C grades of non-coking coal has been deregulated by the Central Government with effect from 22.3.1996. Pursuant to this, Coal India Limited (CIL) have fixed higher prices of coking coal and A, B & C grades of non-coking coal with effect from 31.3.1996. Singareni Collieries Company Limited (SCCL) have fixed higher prices for B and C grades of non-coking coal with effect from 19.4.1996.

The additional amounts likely to be earned per year by CIL and SCCL are expected to be around Rs. 984.92 crores and Rs.70.42 crores respectively.

(c) and (d). There is no proposal to decontrol coal production. However, the provisions of the Coal Mines (Nationalisation) Act, 1973 were amended on 9.6.93 to allow coal mining for captive consumption for generation of power, washing of coal obtained from a mine and manufacture of cement. Captive coal mines for production of iron & steel had been allowed before the said amendment.

Under these provisions, 20 companies/State Electricity Boards have been offered captive coal blocks for power generation and iron and steel production so far.

[Translation]

SHRI NAWAL KISHORE RAI : Mr. Speaker, Sir, as per the reply of the hon. Minister, the prices of Coking Coal and A, B, C and D grade non-coking coal were decontrolled with effect from March 22, 1996 and as a result Government have not furnished the figures. Coal India and Singareni Coal Ltd. have claimed to have earned a profit of Rs. 984.92 crores and Rs. 70.42 crores respectively during the current year. I am not satisfied with the contention that profit was earned after decontrol. Sir, it is meaningless to earn profit by increasing the administered prices in place of earning profit through better management and efficiency and increased productivity. This increase in the administered prices results in imbalance in the prices of Coal i.e. the imported Coal becomes cheaper than the indigenous Coal. The Times of India carried a news item in its 27.3.1996 daily.

[English]

"Imported coal in cheaper after price hike by CIL."

[Translation]

The price of the imported coal was Rs.1,520 per tonne and the price of indigenous coal was Rs.1,750 per tonne. We would like to know from the Government whether they have chalked out an action plan to earn profit through better efficiency? If so, the details thereof. As regards increase in administered prices, there has been a persistent demand by the State Government.

MR. SPEAKER : Please put your question instead of repeating it time and again.

SHRI NAWAL KISHORE RAI : The State Governments have been demanding for years that the royalty calculated on the basis of weight is not fair. I would request the hon. Finance Minister, who is present in the House, to change the policy and calculate royalty base on the price of Coal.

[English]

MR. SPEAKER : You are not supposed to make speeches, otherwise I will not allow the Minister to answer the question.

[Translation]

SHRIMATI KANTI SINGH : The action plan for increasing the efficiency is contained in the Statement laid on the Table. As regards increase in prices, the last increase was effected in 1994 based on the 1993 index, whereas the increase in 1996 should have been 16.7 per cent based on the C.P. formula but the actual increase was 16 per cent i.e. 0.7 per cent less than the one worked out.

SHRI NAWAL KISHORE RAI : Sir, my question was about the royalty, which has not been answered by the hon. Minister. Sir, we seek your protection, because the States are receiving unfair treatment. The United Front Government is committed to provide social justice to the States in its minimum common programme. This is a long outstanding issue and an assurance was given last time in the House that this issue would be considered favourably. Sir, through you I would like to know from the Government : (a) whether they propose to provide social justice to the States; (b) whether they propose to enforce the advalorem policy? In case they propose to implement the policy of calculating royalty based on price, the date by which a would be implemented?

SHRIMATI KANTI SINGH : Sir, calculation of royalty based on weight or price is a policy matter. We had increased the royalty in 1994 and it is revised after every three years. Now this issue would be taken up in October, 1997. A Committee is constituted for the purpose comprising, Secretary and Joint Secretary,

Deptt. of Coal, and the Joint Secretary of the Department of Mines. It has now here decided to include representatives from the coal producing areas or States in the Committee and a policy decision would be taken.

SHRI NAWAL KISHORE RAI : Sir, no assurance has been given as to why advalorem formula cannot be enforced. It is a serious issue...*(Interruptions)*

MR. SPEAKER : I would like to know which issue is not important in the House.

SHRI NAWAL KISHORE RAI : It is a question of social justice. We seek your protection, Sir ...*(Interruptions)*

JUSTICE GUMAN MAL LODHA : Mr. Speaker, Sir, as regards Coal India Ltd., Government has written off Rs.2,600 crores in order to cope with the various Government scams. Thereafter a price increase of 20 per cent was effected. The prices of A, B and C grade Coal was increased by 15 per cent. In the case of coking coal, the price increase was as much as 10 per cent, 13 per cent and 20-25 per cent. And on top of it a claim is being made that CIL is making profit. All this has been made possible by waiving a whopping sum of Rs.2,600 crores and effecting a huge increase in the prices. Besides, the entire supply of coal is made to the traders and not the entrepreneurs who are the deserving people and who really contribute towards increasing the national assets. The Coal India is following a policy detrimental to the nation and the society. On the one hand, coal has been decontrolled and on the other hand a massive price hike has been made. Will you please ensure that coal is made available to the genuine users i.e. entrepreneurs or those manufacturing hard coke and will you reconsider the increase in prices? On the one hand you talk of the Minimum Common Programme and social justice and on the other hand the poor are being crushed. Will you look into this aspect?

SHRIMATI KANTI SINGH : Mr. Speaker, Sir, as regards increase in the price of coal, it was done with a purpose. B.I.C.P. had recommended that whenever prices of steel are decontrolled, the prices of coal should also be decontrolled because coking coal is primarily used in manufacturing steel. It had also recommended that since A and B grade non-coking coal are used in manufacturing items which are not subject to price control, the prices of these higher grade coal should also be decontrolled and we had decontrolled the prices of coal in accordance with the recommendations of the B.I.C.P.

[English]

SHRI BASU DEB ACHARIA : Sir, Bharat Coking Coal Limited has been referred to BIFR last year as it was declared a sick company. After allowing the subsidiaries of Coal India to increase the prices of both coking and non-coking coal, will this Bharat Coking Coal Limited be able to come out of the debt? This is part (a) of my question.

Now part (b). This is in reply to part (c) of the question that some companies are being offered 20 blocks. The Steel Authority of India has also been offered some blocks for operation, for exploitation of coal. Because there was a proposal that along with the collieries, some washeries which were previously with the Steel Authority of India would also be handed over to SAIL for better production of coal and good quality of coal, as SAIL is not getting coal. Will the Ministry of Coal will consider the proposal to hand over those washeries of Steel Authority of India Limited?

MR. SPEAKER : Shri Basudeb Acharia, I think, the relevance seems to be remote.

SHRI BASU DEB ARCHARIA : Sir, this is also related. It is part of my question.

MR. SPEAKER : I do not know whether the Minister will answer it.

SHRI BASU DEB ACHARIA : Sir, part (a) of my question, she can reply. I want to know whether by this decision they will be able to come out of debts after allowing the said companies to increase the price of coking and non-coking coal.

Sir, part (b) of my question also, she should be able to reply.

[Translation]

SHRIMATI KANTI SINGH : As regards releasing B.C.C.L. from the control of B.I.F.R., it will be done after price decontrol and restructuring of Coal India Limited.

[English]

SHRI SRIBALLAV PANIGRAHI (Deogarh) : I thank you for having provided me this opportunity to ask a question. I would like to know from the hon. Minister as to how this time was chosen- 31st March, 1996 and 19th April 1996 - for giving effect to increased prices in respect of A, B, C grades of non-coking and coking coal. The election process had already started by then. The election process having been started already by this time, how is it that the Government chose to give effect to this decision?

SHRI BASU DEB ACHARIA : She cannot reply to this question as the Government was yours at that time.

SHRI SRIBALLAV PANIGRAHI : Whatever it is. The Government is a continuous body. It is very important.

Secondly about decontrol, partial deregulation of coal prices, what impact has it got on the sale of coal in the local markets? According to our information, the tender system has been resorted to even in respect of other types of coal and there is a steep resistance to this new system. Tenders are not being floated by local markets in NCL. There is a lot of coal available, but why are you taking recourse to this procedure now? I would like to know whether this new system has been agreed upon by all the subsidiary coal companies.

My third question is...

MR. SPEAKER : You cannot have third, fourth and fifth questions!

[Translation]

SHRIMATI KANTI SINGH : Mr. Speaker, Sir, Government of India decontrolled the price on 22.3.1996 and the Coal India issued orders for increasing the prices on 31.3.1996

[English]

SHRI SRIBALLAV PANIGRAHI : I did not get the answer. But I leave it to you, Sir.

MR. SPEAKER : Now Prof. Rita Verma. Since Achariaji has raised the BCCL point, I thought Prof. Rita Verma should get a chance!

[Translation]

PROF. RITA VERMA : Mr. Speaker, Sir, in the first instance, I seek your protection that the hon. Minister should give pointed reply to the pointed questions. Panigarhi ji had asked that after the election process started... (Interruptions)

[English]

MR. SPEAKER : Come on, you ask a question now. Do not probe them, Rita ji.

[Translation]

PROF. RITA VERMA : The hon. Minister had just now observed that with the decontrol in the prices of steel, the decontrol in the prices of coal must follow. Mr. Speaker, Sir, the comparison between the two is not fair as the steel industry has to find a market for its goods whereas the coal industry enjoys a monopoly.

Secondly, will mere increase in the prices release B.C.C.L. from the control of B.I.F.R.? But the prevailing atmosphere of corruption and scams, it may again have to be brought under the control of B.I.F.R. Mere increase in prices will not solve the problem. You will have to take effective measures to anti-corruption. According to figures given in the statements, after effecting an increase in the prices of A and B grade Coal, an additional income of Rs.984.92 crores and Rs.70.42 crores has been earned. Are you aware that this additional income is a big fraud. The B.C.C.L. officials in collusion with the Coal Controller revise the grade every year, or in other words, the D grade Coal is graded a ca class coal next year and the C grade Coal is classified as B grade Coal. This is how an increase in income has shown. Will it be looked into? In case an inquiry is conducted, I will help in the probe by furnishing all the figures available with me. Will you also consider giving a refund to the genuine consumers who have been victims of this fraud?

[English]

MR. SPEAKER : I think, that is enough will you consider or not?

[Translation]

SHRIMATI KANTI SINGH : Mr. Speaker, Sir, the hon. Member has asked about the corruption. In case we find any truth in the allegation, we will conduct a probe.

[English]

Investment in Large, Medium and Small Scale Industries

*322. SHRI ISWAR PRASANNA HAZARIKA : Will the Minister of INDUSTRY be pleased to state :

(a) the total investment made in large, medium and small scale industries during the post liberalisation period from 1991-92 to 1995-96; and

(b) how much of this investment has been made in or proposed for the North Eastern States including Assam?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) and (b). A statement is laid on the Table of the House.

State	Industrial Investment Intentions (Numbers)			Proposed Investment		
	LOIs	IEMs	Total	LOIs	IEMs	Total
All India	2369	24971	27340	66537	491410	557947
North Eastern State (Including Assam)	14	66	80	1853	3908	5761

LOIs = Letters of Intent granted for licensable items.

IEMs = Industrial Entrepreneur Memoranda filed for delicensed items.

[English]

SHRI ISWAR PRASANNA HAZARIKA : Mr. Speaker, Sir, I am stunned and flabbergasted to see the figures furnished in reply to my question today. Till this moment, I used to feel that I was an Indian but these figures make me feel that I am a North-East Indian, which is different from being an Indian.

Here in the figures, we find that during the post-liberalisation period, the amount invested in the country, in total, in industries is Rs.5,57,947 crore. Out of that, a paltry Rs.5,761 crore is attributable to the North-East Indian States. This includes about Rs.3,600 crores for the gas cracker project on which the Central Government has been sitting for years, when precious gas is being flared. If that is deducted, then it comes to a very, very insignificant figure.

Then, I have with me figures furnished by the Finance Ministry in answer to my question on the 26th

STATEMENT

(a) and (b). The following table shows the Gross Capital Formation in manufacturing (registered and unregistered) during the period 1991-92 to 1994-95 :

	(Rs. in Crores)			
	1991-92	1992-93	1993-94	1994-95
Manufacturing (R)	19453	22919	25977	35582
Manufacturing (UR)	8260	10313	11044	15467
Total Manufacturing	27713	33232	37021	51049

Sources :- National Account Statistics 1995 and Quick Estimates on National Income, 1994-95.

(R) Registered

(UR) Unregistered

Separate State-wise figures are not available. However the following table shows the investment proposed for All India and the North Eastern States including Assam from 1991-92 (since August, 1991) till 1995-96 :

(Rs. in Crores)

July, 1996. During the post-liberalisation period of three years up to 1995-96, the total capital raised from public issues in 1993-94 was Rs.24,371 crore. Out of that, the total for all the eight States of North-East India amounts to Rs. 5.25 crore only and Rs.5.25 crore out of nearly Rs.25,000 crore comes to 0.0002 per cent. Similarly, in 1995-96, out of more than Rs.20,000 crore raised from public issues, the amount attributable to this region is only Rs.19 crore and that amounts to 0.0009 per cent ... (Interruptions)

MR.SPEAKER : Shri Hazarika, you may kindly put your question.

SHRI ISWAR PRASANNA HAZARIKA : This is a very important issue. The new economic policy is going to create two Indias: one, a rich India; the other, a poor India and the poor India will be from Bihar eastwards, including Assam and North-East India. The regional dimension is missing in the new economic policy.