

LOK SABHA DEBATES

LOK SABHA

Friday, August 9, 1985/Sravana 18, 1907
(Saka)

The Lok Sabha met at Eleven of
the Clock.

ORAL ANSWERS TO QUESTIONS

[MR. SPEAKER *in the Chair*]

[*English*]

MR. SPEAKER : Question No. 263—
Shri Pradhani.

[*Translation*]

SHRI BALKAVI BAIRAGI : If you can
do with Pradhan, then.....

MR. SPEAKER : From where should
I bring Pradhani ?

[*English*]

*263. SHRI JAGANNATH PATTNAIK† :
SHRI K. PRADHANI :

Will the Minister of STEEL, MINES
AND COAL be pleased to state :

(a) whether National Aluminium
Company Limited's project cost has escalated
by Rs. 1,000 crores;

(b) whether during the current year
NALCO'S bauxite mine will have to become
operational and phase I of the eight lakh
tonnes capacity aluminium plant is expected
to commence production by September,
1985;

(c) if so, the budgetary support which
Government propose to give to NALCO by
raising the outlay;

(d) the steps being taken to prevent
further cost overrun and whether any
restraint is being exercised by the Project
authorities in incurring unnecessary
expenditure;

(e) if so, the details thereof;

(f) whether this is going to affect the
NALCO'S cost of production per tonne of
alumina or the metal; and

(g) if so, by how much and how will
it be able to compete in the market ?

THE MINISTER OF STEEL, MINES
AND COAL (SHRI VASANT SATHE) :

(a) to (g). A Statement is given below :

Statement

(a) The Revised Cost Estimate of
NALCO, which is under consideration, is
Rs. 2226 crores, as against its original cost
of Rs. 1242 crores sanctioned in November,
1980 based on the prices of first quarter of
1980.

(b) The schedule for the completion of
the Project is as follows :

Bauxite Mine	November, 1985
Alumina—Phase I	September, 1986
Aluminium—Potline I	December, 1986

(c) The capital outlay for the Company
is being financed partly from Euro dollar
loan/French Credit and the balance is being
met from budgetary resources of the
Government. The cumulative expenditure
upto 1984-85 is Rs. 1129 crores and a pro-
vision of Rs. 412 crores has been made for
the year 1985-86, which is proposed to be
increased to Rs. 702 crores.

(d) and (e). The Revised Cost Estimates
are based on the price level of 1st quarter of
1985 and 90% of the commitments have
already been made on firm price basis. In
respect of balance commitments, strict
control is being exercised.

(f) Yes Sir. The increase in the Capital Cost has its impact on depreciation and interest charges.

(g) The cost of production of both Alumina and Aluminium for NALCO will largely depend on the prices of various input materials prevailing from time to time; but NALCO will have the benefit of the latest technology. The selling price of aluminium is regulated under the Essential Commodities Act, which ensures a fair price to all producers and at the same time protects the interests of the consumers.

SHRI JAGANNATH PATTNAIK : Sir, it is learnt that all over the world depending upon its availability and commercial viability aluminium plants are getting scarcer and facing serious problems. Keeping this in view, I would like to know whether any study is being made from time to time about the production cost and selling price both for alumina and aluminium. If so, what is the observation?

SHRI VASANT SATHE : Sir, it is a fact that internationally the aluminium price varies between Rs. 12,000 per tonne and Rs. 10,000 per tonne and in India we have a rich deposit of bauxite from which we can make alumina and aluminium, but the basic constraint is power. Aluminium production is noted as power guzzler. So, unless we have enough power and at cheaper cost to produce aluminium, aluminium production in India in spite of having the best raw material, that is, bauxite, becomes costlier compared to international prices. In spite of this, we are working on various projects like BALCO and the latest is NALCO project, where we intend to produce aluminium both for internal consumption and to save on import of aluminium in the country.

SHRI JAGANNATH PATTNAIK : Aluminium being a power intensive industry, it was decided to go in for captive power plant having five units each of 120 MW capacity giving a total installed capacity of 600 MW. But each of these units, it is learnt, requires for every 10 months of operation two months of maintenance. Roughly, in a year one unit's output is lost.

Keeping this in view, is there any proposal for two more captive power plants each of 120 MW capacity?

SHRI VASANT SATHE : We are already planning to have captive power plants both in NALCO and in BALCO and these power plants will have sufficient capacity to meet the requirements of these units. So, as far as captive power plants are concerned, there will be no shortage.

PROF. MADHU DANDAVATE : Sir, I will ask a Supplementary in continuation of my past Supplementary which is also related to the main question.

MR. SPEAKER : In context with the earlier one also.

PROF. MADHU DANDAVATE : Also in several parts.

MR. SPEAKER : In reference to the context!

(Interruptions)

PROF. MADHU DANDAVATE : Sir, on one occasion I related this problem, I had put the question to the hon. Minister that manufacture of aluminium requires more power and manufacture of alumina requires less power. The Maharashtra, in the backward Konkan region...

DR. KRUPASINDHU BHOI : This is not pertaining to it.

PROF. MADHU DANDAVATE : Let him decide. You are not the Speaker. I will support you next time. *(Interruptions)*. Sir, it is connected. He asked questions about two plants, he talked about the captive plants. It is related to that. This is not a medical problem.

DR. KRUPASINDHU BHOI : Sir, if allow him like this...

(Interruptions)

PROF. MADHU DANDAVATE : You are yet to become a Speaker.

(Interruptions)

PROF. MADHU DANDAVATE : What I am asking the hon. Minister is, last time when I said that in the backward Konkan region of Maharashtra, the Bharat Aluminium project has remained pending and their right grouse has been that the Maharashtra Government has not been able to give us the necessary electric power required for the manufacture of aluminium.

And there I had told him instead of going for the manufacture of aluminium if you go for the manufacture of alumina, it would require less power. He said, "We will explore the possibility. If the Maharashtra Government is able to give power, we will study the proposition." I want to tell him that all the MPs in Maharashtra had a meeting with the Chief Minister and all other concerned Ministers in Maharashtra and the Chief Minister has agreed to provide power, if you go in for the manufacture of alumina. The power required for alumina will be 1/3rd of that of the manufacture of aluminium. That much power will be supplied by the Maharashtra Government. The assurance was given by the Chief Minister to all the MPs—all Congress MPs as well as non-Congress MPs. We are in minority. Here it is an assurance to the ruling Party MPs. In view of this assurance, I would like to know from the hon. Minister whether he will take up this project which has been pending for a very long time and complete it with the process of manufacture of alumina.

SHRI VASANT SATHE : Sir, I have not received any proposal from the Chief Minister or the Government of Maharashtra about production of alumina. When I receive the proposal, we will consider its economics as to what to do with the alumina. Therefore, this is hypothetical at this stage.

PROF. MADHU DANDAVATE : This is not hypothetical, in the sense, you can ask any Maharashtra MP whether this assurance was given by the Chief Minister.

MR. SPEAKER : I think, he also belongs to Maharashtra.

PROF. MADHU DANDAVATE : He knows it. As a Minister, he was absent. That is all. He was an absentee landlord at that meeting. Any-way, we will get the letter from the Chief Minister of Maharashtra and you please consider it.

DR. KRUPASINDHU BHOI : Sir, I apologise to Prof. Madhu Dandavate, through you, because in Ratnagiri, a very small deposit of gypsite variety of ore is there which will consume some power in the

production of alumina. That is a separate thing...

PROF. MADHU DANDAVATE : Once he wanted to function as Speaker; now he wanted to function as Minister. Let him function as the Member.

MR. SPEAKER : The consolation is, it passes through me.

DR. KRUPASINDHU BHOI : Sir, time and again, I am asking the same supplementary regarding the escalation of Rs. 1,000 crores. On the 26th January, 1980, a protocol was signed by the late Prime Minister, Mrs. Indira Gandhi with the President of France for the alumina-aluminium smelter in Orissa, particularly in Patengi, Pachpatmali area. It requires less power as raw material for the manufacture of alumina. In 1981, they had signed a turnkey agreement with Pschyney Ltd. of France. (*Interruptions*). I am putting the infrastructure for your academical knowledge.

MR. SPEAKER : You put the question.

DR. KRUPASINDHU BHOI : In 1981, we signed an agreement with Pschyney Ltd. But after some time, this contract was made to sign with the EIL. Due to the change of contract and delay involved, the escalation has gone to more than Rs. 1,000 crores. After some time, this firm Pschyney Ltd., has signed a contract with Tomago of Australia where the plant is now going on production to a rated capacity of 8 lakh tonnes of alumina, with the cost escalation of 25%. Whereas in our case, there was a cost escalation of Rs. 1,000 crores. I would like to know whether the hon. Minister will constitute an enquiry committee to find out who is at fault, whether bureaucrats or somebody else.

SHRI VASANT SATHE : There is no need of any enquiry committee. We had already gone into this question. This has been replied to earlier also. The reason for escalation is, the cost that was worked out for the project as estimated at Rs. 1,242.4 crores was based on the price of first quarter of 1980. As that time itself, in January, 1981, we had said to the Government that if they took the escalation aspect

into the project, which is normally not done, even if it had been done, then at that time itself, it would be Rs. 1,712 crores on account of escalation. That is naturally the inflationary escalation. The element of inflationary escalation is nearly 80% in the cost of escalation. Therefore, we cannot say that the cost that has gone up is in any way either due to anybody's fault or due to non-implementation or anything like that. The project is going according to schedule. I must say this to the House that the entire implementation of the project is according to schedule.

DR. KRUPASINDHU BHOI : I wanted an Inquiry Committee...

SHRI VASANT SATHE : Why should I have an Inquiry Committee unnecessarily? I do not believe in 'Committee-ology' having too many Committees.

SHRI E. AYYAPU REDDY : Thirty per cent of India's total bauxite is deposited in the east coast in Visakhapatnam. Is it a fact that the Russian experts who have been engaged to go into the feasibility of locating the aluminium project there have recommended location of the projects at Krishnadevapatnam in Visakhapatnam? And is it a fact that the Government of Andhra Pradesh has offered facilities—land, water and power—to the Government of India for locating the aluminium project there? If that is so, if these are facts, will the hon. Minister say what he is going to do for the purpose of locating the aluminium project there?

SHRI VASANT SATHE : As far as the Andhra aluminium project is concerned, the Russian experts in collaboration with India are examining the feasibility of the project and it is at an advanced stage. As soon as we have the feasibility report, we will be able to proceed further.

SHRI E. AYYAPU REDDY : Can you give the time?

SHRI VASANT SATHE : I cannot give the time.

Development of Coal resources in Orissa

*264 **SHRI RADHAKANTA DIGAL† :**
SHRI CHINTAMANI PANIGRAHI :

Will the Minister of STEEL, MINES AND COAL be pleased to state :

(a) whether some steps have recently been taken for the development of coal resources in Orissa;

(b) whether the developmental programme has been initiated with external assistance;

(c) if so, the names of the countries and financial institutions which are assisting in implementing the developmental programme of the coal resources available in Orissa; and

(d) the amount proposed to be spent on the development of coal resources in Orissa?

THE MINISTER OF STEEL, MINES AND COAL (SHRI VASANT SATHE) :

(a) to (d). A Statement is given below.

Statement

(a) Yes, Sir. At present the coal production in Orissa is 5.44 million tonnes (1984-85). Some of the steps being taken up for the development of the coal resources in Orissa with a view to raising production to about 13 million tonnes by the end of Seventh Plan (1989-90) are :

- (i) Sanctioning of a new opencast coal project with annual output capacity of 3.50 million tonnes at Bharatpur and expansion of capacity of Jagannath Opencast mine from 1.00 m.t. to 2.00 m.t. per year.
- (ii) Action is in hand to update the project report for South Balanda mine for increasing its production to 1.00 m.t. per year from present level of production of 0.60 m.t. during 1984-85.
- (iii) Feasibility studies for opening a highly mechanised underground mine at Ananta are in progress.
- (iv) New opencast projects at Ananta, Kalinga and Lingraj block are also being planned for development, to meet the increasing requirement of coal by Power Sector.