

12. Manipur	15.23
13. Meghalaya	7.64
14. Nagaland	5.84
15. Orissa	157.32
16. Punjab	15.18
17. Rajasthan	258.14
18. Tamil Nadu	87.05
19. Tripura	14.35
20. Uttar Pradesh	150.77
21. West Bengal	143.12
	Rs. 1969.62

#### Study of Steel Industry's Cost Structures

923. SHRI B. V. DESAI : Will the Minister of STEEL AND MINES be pleased to state :

(a) whether it is a fact that the Union Government has decided to ask the Bureau of Industrial Costs and Prices to undertake a detailed study of the Steel Industry's Cost Structure;

(b) if so, whether in the past, Bureau of Industrial Costs and Prices had been asked to go into the question;

(c) whether the latest move is to ask BICP to make a full-fledged study of total costs;

(d) if so, when the Bureau of Industrial Costs and Prices is likely to submit its report; and

(e) the main reasons for making the Bureau to submit full-fledged report study ?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE) : (a) to (e) : The BICP had earlier broadly studied the cost escalations during the period April '79 to September '80. In the course of this study, the need for an indepth study of the cost taking into consideration consumption norms, labour productivity, was felt. Accordingly the Bureau have been requested to make a full scale price study, plant-wise and product-wise, of the steel industry. The Study will take about year and the report is expected by July '82.

#### Closure of Iron Ore Mines in Eastern Region

924. SHRI B. V. DESAI : Will the Minister of STEEL AND MINES be pleased to state :

(a) whether iron ore mines in the Eastern region both in the public and private sector are virtually on the verge of closure following a drastic cut in official procurement, fall in consumption by domestic steel plants and unremunerative export prices;

(b) if so, the reaction of the Union Government and what steps are being taken to save these public sector and private sector mines; and

(c) to what extent the scheme prepared by the Centre has helped ?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE) : (a) to (c) : Though five small iron ore mines in private sector in the Eastern Sector are reported to have

closed down during the current financial year for various reasons, there is no reason to believe that such mines in the public and private sector are on the verge of closure due to the reasons mentioned in the Question. There has been no drastic cut in official procurement from private mines nor any fall in the consumption of iron ore by the steel plants. In fact, the total procurement made by MMTC in 1980-81 was the highest in the last three years and some of the steel plants have been facing acute shortage of iron ore. The price for 1981-82 is under discussion between MMTC and the mine owners.

**Proposal alongwith private enterprises to set up Sponge Iron Plant**

925. SHRI B.V. DESAI : Will the Minister of STEEL AND MINES be pleased to state :

(a) whether it is a fact that the Union Government are considering a proposal allowing private interprises to set up sponge iron plant exclusively reserved for the States sector so far ;

(b) if so, whether any official decision in this regard has been taken ;

(c) whether it is also a fact that in the beginning involvement of the private sector will be restricted to small and medium units ;

(d) if so, whether it is also a fact that large number of applications in the existing mini-steel plants and fresh entrants in the field of sponge iron including the high industrial houses are pending before the Steel Ministry for approval ; and

(e) if so, how many such applications are pending at present and by what time they will be cleared by Ministry?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE) :

(a) to (c) : It would not be correct to say that production of sponge iron is exclusively reserved for the public or state sector. There is no proposal to restrict the involvement of private sector to small and medium units.

(d) and (e) : Only 5 applications are pending at present for a decision. They are likely to be decided within the next two months.

**Actual expenditure on Bhilai and Bokaro Steel Plants**

926. SHRI CHINTAMANI JENA : Will the Minister of STEEL AND MINES be pleased to state :

(a) whether it is a fact that the actual expenditure on Bhilai and Bokaro Steel Plants projects may really be much more than what is now envisaged because even the latest estimates based on 1980 cost structure ;

(b) if so, whether it is also a fact that the delays in execution have put a heavy financial burden on these two projects besides the loss of production which otherwise would have been available to the economy ; and

(c) if so, the details regarding the procedural delays in finalising civil and equipment supply contracts, if any ?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE) :

(a) and (b) : According to the prevalent practice project cost estimates are drawn up with reference to a base date and do not include any provision on account of future escalations. Therefore, a certain increase in actual cost over the sanctioned