

LOK SABHA

Friday, September 20, 1963/Bhadra  
29, 1885 (Saka)

The Lok Sabha met at Eleven of the  
Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Decontrol of Steel Industry

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- \*782. { Shri P. C. Borooah:  
Shri Bishanchander Seth:  
Shri Yashpal Singh:  
Shri D. C. Sharma:  
Shri P. Venkatasubbalah:  
Shri P. R. Chakraverti:  
Shri Warrior:  
Shri Vasudevan Nair:  
Shri S. M. Banerjee:

Will the Minister of Steel and Heavy Industries be pleased to state:

(a) whether Government have taken a decision regarding decontrol of the steel industry in general, including decontrol of price and distribution of steel;

(b) if so, Government's decision in the matter; and

(c) the basic principles on which decision has been taken?

The Deputy Minister in the Ministry of Steel and Heavy Industries (Shri P. C. Sethi): (a) to (c). No. Sir. A decision on any modification necessary in the existing system of control will be taken only after receipt of the final Reports of the Raj Committee and the Producers' Committee, which are expected shortly.

1280 (Ai) LSD—1.

Shri P. C. Borooah: Is it a fact that industries which require certain kinds of steel like re-rolling steel are facing inhibiting conditions? If so, what are the reasons for it and what steps have Government taken to remedy them?

The Minister of Steel and Heavy Industries (Shri C. Subramaniam): This does not arise out of the question which is with regard to modifications in the existing control system. It is a completely different question.

Shri P. C. Borooah: It is about decontrol of steel industry. Is it a fact that some kinds of steel like re-rolling scrap have been decontrolled?

Shri C. Subramaniam: Scrap has been decontrolled, not any other item.

श्री यशपाल सिंह: क्या मैं जान सकता हूँ कि पब्लिक को जरूरत के मुताबिक सस्ता स्टील सप्लाई हो सके, इस के लिए सरकार क्या कर रही है ?

अध्यक्ष महोदय: यह बहुत जनरल क्वेस्टियन है।

श्री प्र० चं० सेठी: जैसे जैसे प्राइव्शन बढ़ेगा, वैसे वैसे इस बारे में स्थिति बेहतर होगी।

श्री यशपाल सिंह: जब तक कंट्रोल न हटे, तब तक सरकार क्या कर रही है ?

श्री प्र० चं० सेठी: सवाल यह नहीं है। जैसा कि अभी बताया गया है, राज कमेटी की फाइनल रिपोर्ट मिलने पर इस बारे में फ़ैसला किया जायगा।

**Shri D. C. Sharma:** Are any aspects of steel distribution and pricing of steel under consideration of the Ministry? If so, what are they?

**Shri C. Subramaniam:** As I have already stated, these matters have been referred to two Committees, one the Raj Committee and the other, the Producers' Committee. We have to consider all these aspects only after the receipt of their reports.

**Shri Indrajit Gupta:** What are the main difficulties experienced by Government or represented to them in the matter of the existing system of price control and distribution of steel which led to the setting up of these two committees?

**Shri C. Subramaniam:** Yes, there is a good deal of complaint with regard to the planning of production and also the distribution system. That is why the Committee was appointed, and it has submitted a preliminary report which was published widely. On the basis of the suggestions and criticisms received, the final report is being drafted. After its receipt, we will consider the whole matter.

**Shri Bade:** Is Government aware that owing to the high price of steel and the improper distribution of steel, many industries in Madhya Pradesh are suffering and are purchasing steel from the black market?

**Shri C. Subramaniam:** That also shows that the distribution system is not working properly now.

**Shri Tyagi:** In the controlled price of steel, what is the element of profit which is guaranteed to the producer, and what is the percentage meant for the equalisation fund, per ton?

**Shri C. Subramaniam:** I am afraid it is completely outside the scope of this question.

**Shri Tyagi:** But the prices are controlled.

**Mr. Speaker:** It is rather a wide question.

**Shri P. C. Borooah:** The hon. Minister was saying that there was no con-

trol, but may I draw his attention to his own speech published in the newspapers on 5th May where he has said "there is no doubt that the Government's recent decision to control re-rolled scrap will prove beneficial to the industry in the long run"?

**Shri C. Subramaniam:** I thought I mentioned that scrap has been decontrolled.

### Ophthalmic Glass Factory

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\*783. { **Shri Subodh Hansda:**  
**Shri Indrajit Gupta:**  
**Shri Sarjoo Pandey:**  
**Shri Ramachandra Ulaka:**  
**Shri Dhuleshwar Meena:**

Will the Minister of **Industry** be pleased to state:

(a) whether the setting up of the Ophthalmic Glass Factory at Durgapur will be completed during the current year as envisaged;

(b) if not, the reasons for the delay; and

(c) how far it will be beyond schedule?

**The Minister of Industry (Shri Kanungo):** (a) No, Sir.

(b) The study of economics of the Project took some time. The contract with Russian Collaborator was signed only on 4th June, 1963.

(c) It is expected that the project will be completed by early 1966 and production will start by the middle of 1966.

**Shri Subodh Hansda:** Since the contract has been signed, may I know whether the machinery that will involve foreign exchange has been ordered for this project?

**Shri Kanungo:** We are in the process of ordering. The contract for technical collaboration was signed in June. Then the rest, drawings and other things have to follow, and then the machinery will be ordered.

**Shri Subodh Hansda:** Since the putting up of this glass factory has been going on for the last one year, may I know whether it has added to the cost?

**Shri Kanungo:** No, it is not likely. The final decision on the original idea was delayed because there was doubt about the total quantity of demand which could be expected. Now we have found that the demand will go up to 300 tons. Therefore, the hesitancy has been overcome, and the project is now likely to go on.

**Shri Indrajit Gupta:** I want to know whether it is a fact that the earlier project report provided for the manufacture of not only ophthalmic but also optical glass, but the Government decided to exclude optical glass from the undertaking?

**Shri Kanungo:** No. At one time we thought of excluding optical glass, but the main difficulty was foreseeing the demand and having the scale of production accordingly.

**Shri Ramachandra Ulaka:** What is the present demand of ophthalmic glass in our country, and to what extent will this factory be able to meet the demand?

**Shri Kanungo:** This factory will meet the demand fully, and our demand is rising rapidly.

श्री शिव नारयण : मैं यह जानना चाहता हूँ कि इस ग्लास फ़ैक्टरी के बनाने में सरकार का कुल कितना रुपया खर्च होगा और क्या हिन्दुस्तान के लोग इस को बना रहे हैं, या बाहर के बिज़िनेसमैन के सहयोग से इस को बनाया जा रहा है ।

श्री कन्ननगो : मैं ने कहा है कि यह रुसियों के साथ सलाह-मशवरा कर के बनाया जा रहा है ।

**Shri Kapur Singh:** Is there any proposal to put up an optical glass factory as an adjunct to it at a later stage?

**Shri Kanungo:** Optical glass will be manufactured in this project.

#### Export and Import Licences to Cooperatives

\*784. **Shrimati Savitri Nigam:** Will the Minister of International Trade be pleased to state:

(a) whether Government have taken any decision to give priority to the cooperative organisations in the matter of granting licences for export and import of scarcity goods for distribution; and

(b) if so, the special and concrete proposals formulated in this regard?

**The Minister of International Trade (Shri Manubhai Shah):** (a) Yes, Sir. Government have granted facilities to the Co-operative Organisations to import a number of items and also in the matter of export, particularly of pulses, bananas and cotton.

(b) A statement is laid on the Table of the House. [Placed in Library, See No. LT-1789/63] giving the details.

**Shrimati Savitri Nigam:** May I know whether licences to import scarcity goods have also been given to the co-operatives, and if so, what is the quantity of these licences?

**Shri Manubhai Shah:** I have given the names. There are no scarcity goods being permitted to be imported beyond what is allowed in the Red Book, which has given many of the items here. The amounts would be the following.

For dates it is Rs. 43.75 lakhs. For dry fruits, it is Rs. 10 lakhs; for cloves,.....

**Mr. Speaker:** It is all given in the statement.

**Shri Manubhai Shah:** Yes, Sir; it is given in the statement.

**Shrimati Savitri Nigam:** May I know whether the apex stores have been given licences or whether many consumer stores have also been given the benefit of having these licences?

**Shri Manubhai Shah:** We generally give it only to the apex stores with the instructions that they distribute them to the consumer stores because we cannot allow small societies to approach foreign countries and increase the price.

**Shri Man Singh P. Patel:** May I know whether the consumer societies alone are allowed to have these essential articles for their members and not service co-operative societies even though they are required for their own members and, if so, why?

**Shri Manubhai Shah:** It has to be put to the Minister of Co-operation. We are guided in this matter by the policy laid down by the Minister of Co-operation.

**Shri Vishram Prasad:** May I know how many such organisations have been granted licences for export?

**Shri Manubhai Shah:** It has been given in the statement.

**Shri Bhagwat Jha Azad:** In the statement it is said that "export permits for a number of controlled commodities are also granted freely to all shippers including cooperatives". Are we to understand that the co-operatives stand only on the same level as other shippers, or they have been given certain concessions as the hon. Minister says now?

**Shri Manubhai Shah:** They are given preferences for licences. They are given the ad hoc allotment and only the balance is distributed to the others.

#### Contracts entered into by H.S.L.

\*785. { **Shri Morarka:**  
**Shri Ravindra Varma:**

Will the Minister of Steel and Heavy Industries be pleased to state:

(a) whether any long-term contracts for the purchase of raw materials and stores or the sale of steel products have been entered into by the Hindustan Steel Limited; and

(b) if so, with whom, for what items, on what terms and for what period?

**The Deputy Minister in the Ministry of Steel and Heavy Industries (Shri P. C. Sethi):** (a) and (b). The information is being collected and will be placed on the Table of the House.

**Shri Morarka:** Is it a fact that a long-term contract has been entered into by the Rourkela plant for the selling of the rejected pipes at a very low price?

**The Minister of Steel and Heavy Industries (Shri C. Subramaniam):** I do not have the information with me, but I do not think that the hon. Member's information is correct, to the best of my knowledge.

**Shri Morarka:** Sir, notice of this question was given more than a month ago. Surely, the Ministry should have collected this information; it does not require much labour.

**Shri C. Subramaniam:** If the question had been put in the pointed way in which it has been put now, I am sure the information could have been collected. But here it is about "raw materials and stores or the sale of steel products". All this has to be collected and from all the plants.

**Shri Ravindra Varma:** May I know whether the Government has given consideration to the economies of bulk purchase of raw materials and stores and, if so, whether there is any co-ordinating or central agency for the purchase of raw materials and stores for the steel plants?

**Shri C. Subramaniam:** Certain raw materials are centrally purchased like iron ore and other raw materials, but it is advantageous to purchase other things at the plant level rather than at the Central level.

**Shri Tyagi:** Before these contracts were entered into, were tenders invited, and, if so, how many tenderers

tendered and was the lowest tender always accepted?

**Shri C. Subramaniam:** There are rules regulating the purchases, where tenders have got to be called for, where tenders are not required, etc. I cannot give immediately all the information asked for.

**Shri Tyagi:** I am afraid ignorance of facts at the level of the Minister cannot be an excuse. It is an important question.

**Mr. Speaker:** The question was whether he had invited tenders.....

**Shri C. Subramaniam:** I do plead ignorance of the facts because the facts are yet to be collected.

**Shri Tyagi:** What else is it? When a question is put about contracts, the most relevant question is whether there were tenders invited or not. Otherwise no supplementary can be asked. This is the attitude of the hon. Minister.

**Shri C. Subramaniam:** Evidently the hon. Member did not listen to the main answer. The main answer was that the information is being collected and will be placed on the Table of the House.

**Shri Ranga:** The point is whether tenders are being called for or not.

**Mr. Speaker:** Probably, the Minister himself could have expected such a question and he could have obtained the information. This should be naturally the first supplementary that could be expected from the Members—whether contracts have been invited or tenders invited. Shri Ranga.

**Shri Ranga:** I am glad that these things are being settled at the plant level, but may we have the assurance that even at that level the same one or two very big contractors are not being given these contracts in order to supply the raw materials to these plants?

**Shri C. Subramaniam:** It depends upon the tenders. When tenders are called for and if it is the lowest tender, and if there is no other objection, certainly we cannot reject it on the basis that the same person is getting the contract. I do agree, but I do not have all the facts before me because I think I should collect all the facts and then answer the questions.

**Shri Morarka:** May I know whether the Government is at all consulted by the steel plants before entering into long-term contracts?

**Shri C. Subramaniam:** No, Sir; I do not think the Government should take over that responsibility.

**Shri Ranga:** When they collect the information, I would ask the Government to give us the names of the tenderers and the contractors.

**Mr. Speaker:** That information also might be given.

**Shri C. Subramaniam:** Yes, Sir; I will collect the information and give it.

#### Machinery Manufacturing Plant in Bihar

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\*787. { **Shri Vasudevan Nair:**  
**Shri Warrior;**  
**Shri Dinen Bhattacharya:**  
**Shri Bibhuti Mishra:**

Will the Minister of Steel and Heavy Industries be pleased to state:

(a) whether a licence has been given to M/s Sahu Jains to set up a machinery manufacturing plant in Bihar;

(b) if so, when the licence was given; and

(c) the estimated cost of the plant?

**The Deputy Minister in the Ministry of Steel and Heavy Industries (Shri P. C. Sethi):** (a) to (c). Yes, Sir. A licence under the Industries

(Development and Regulation) Act, 1951, was issued to M/s Sahu Jain Ltd., Calcutta on the 20th April, 1961, for the establishment of a new undertaking at Hazaribagh (Bihar) for the manufacture of Cement making machinery, Pulp and Paper making machinery and Chemical and Fertilizer machinery. Action is being taken for revocation of the licence under the Industries Act.

**Shri Vasudevan Nair:** May I know when this licence was granted to this firm and whether it was actually granted after the receipt of the Vivian Bose Commission's report about the immoral business practices of this firm?

**Shri C. Subramaniam:** The date is given here. The licence under the Industries Act was issued on 20th April, 1961.

**Shri Vasudevan Nair:** May I know whether the department is considering any other application for a licence?

**Shri C. Subramaniam:** There have been other licences for cement factory and we are taking action to cancel this licence.

**Shri Daji:** May I know the reasons for the cancellation, and will it be true to presume that the cancellation is because of the report of the Vivian Bose Commission?

**Shri C. Subramaniam:** We have not yet cancelled it; we are taking action to cancel it. That also will be one of the considerations.

**Shri Ramachandra Ulaka:** May I know by what time this plant will go into production and what will be the production capacity of this plant?

**Shri P. C. Sethi:** There is no question of production by this plant; the licence is being cancelled.

**Shri Shashi Ranjan:** At the time of granting this licence, were there other applicants also or this was the only application and it was considered?

**Shri C. Subramaniam:** I would like to have notice of that question.

**Shri D. C. Sharma:** May I know what are the special qualifications of this firm which have entitled them to get licences for the manufacture of so many different types of machinery?

**Shri C. Subramaniam:** I am sure the competence of this firm would have been taken into consideration when the licence was granted. They are in the line of production of cement and paper and perhaps that was why it was thought they might be competent to manufacture this machinery also.

**Shri K. N. Tiwary:** May I know whether the Government is aware that there is scarcity of cement and so long as Sahu Jain is not found guilty by any competent court, how is it that the Government has cancelled the licence?

**Mr. Speaker:** He is arguing the matter. Mrs. Chakravartty.

**Shrimati Renu Chakravartty:** May I know whether it has been brought to the notice of Government that there is a big spy ring case and also foreign exchange scandal which has just been unearthed in Calcutta and one of the accused is one of Sahu Jain's people, and may I know whether this has anything to do with further malpractices that have been found with Sahu Jain?

**Shri C. Subramaniam:** In granting and cancelling a licence, we have to be guided by the terms of the Industries (Development and Regulation) Act. It is under that that we have given notice and we intend cancelling that licence. Other things may not come into the picture just now.

**Shrimati Savitri Nigam:** When this licence is going to be cancelled, may I know whether Government have decided to grant licence to somebody else, so that the production may not be hampered?

**Shri C. Subramaniam:** Yes, Sir; we are taking action to see that production takes place in other factories.

**Shri Bhagwat Jha Azad:** Since April '61, when the licence was given, may I know whether this firm has taken action in this regard to fulfil any part of this construction which was likely to be taken up at Hazaribagh?

**Shri C. Subramaniam:** Yes, Sir; some action has been taken, but sufficient action has not been taken. That is why we are trying to cancel it.

#### Business Houses raided in Calcutta

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\*789. { **Shri Indrajit Gupta:**  
**Shri Bhagwat Jha Azad:**  
**Shri Balkrishna Wasnik:**  
**Shri Ram Rattan Gupta:**

Will the Minister of **International Trade** be pleased to state:

(a) whether the Enforcement Police have recently raided some big business houses in Calcutta on suspicion of violations of the Forward Contracts (Regulation) Act;

(b) if so, the particulars of the firms involved;

(c) the nature of the allegations against them; and

(d) the action Government propose to take in the matter?

**The Minister of International Trade (Shri Manubhai Shah):** (a) Yes, Sir.

(b) Messrs. Madanlal Jhunjunwala, Shri Bishvanath Jhunjunwala and Messrs. Lohia Sultania.

(c) These firms were alleged to have entered into forward contracts in contravention of the provisions of the Forward Contracts (Regulation) Act, 1952.

(d) The matter is under investigation by the Calcutta Police.

**Shri Indrajit Gupta:** May I know, in these cases, what are the commodi-

ties involved in which these forward contracts were illegally entered into?

**Shri Manubhai Shah:** In the first two cases they have entered into what is called "dubba" contract—that is a contract outside the ring of recognised associations. It is a highly illegal practice for some firms to form a ring of their own. In the third case they entered into a "kerb" contract. In that case, on the pavement of the ring they manipulate the prices which affect very speculatively the prices inside the ring.

**Shri Indrajit Gupta:** I wanted to know what are the commodities.

**Shri Manubhai Shah:** Groundnut in one case and vegetable oil and cotton in another.

**Shri Tyagi:** Which was the commodity Shri Lohia was dealing with?

डा० राम मनोहर लोहिया : अरे त्यागी जी महाराज, वह सुल्तानिया है सल्तानिया ।

**Shri Indrajit Gupta:** Have Government any information to the effect that forward contracts in jute and jute products are entered into with foreign customers and this practice is going on on a widespread scale now in Calcutta through "dubba" and pavement dealers; if so, may I know whether any steps are being taken to investigate and find out the truth?

**Shri Manubhai Shah:** So far, no jute "dubba" contracts have come to our notice. Messrs. Lohia Sultania were dealing in cotton and oilseeds. We will always keep in mind all these matters.

डा० राम मनोहर लोहिया: दो तरह के लोहिया हैं । गरीब लाहिया इधर बैठे हुए हैं और सुल्तानिया लोहिया उधर बैठे हुए हैं ।

**Shri Bhagwat Jha Azad:** Since the raid has been made, may I know whether any precautions have been taken to take into custody the relevant papers and, if so, at what stage the investigation of the case at present is?

**Shri Manubhai Shah:** Being a *sub judice* matter I would caution a little patience, because the very process of the law will be hampered.

**Mr. Speaker:** At what stage is it?

**Shri Manubhai Shah:** It is under investigation. I do not think it should be disclosed here.

**श्री शिव नारायण :** इस इन्वेस्टिगेशन के सिलसिले में किसी आदमी की गिरफ्तारी भी हुई है ?

**श्री मनुभाई शाह :** यह किसी हद तक नानकाग्निजेबल अफेंस भी है । उन के पास पहले चालान भेजा गया था, लेकिन उस के बाद वह बेल पर छूट गये ।

#### Manufacture of Tractors

\*790. { **Shri P. K. Deo:**  
**Shri Bhagwat Jha Azad:**  
**Shri Vishram Prasad:**  
**Shri Bade:**

Will the Minister of **Steel and Heavy Industries** be pleased to state:

(a) whether 19 firms have been given licences for the manufacture of tractors;

(b) if so, the names of the firms and when they are scheduled to produce;

(c) progress made so far in their manufacture; and

(d) when the Indian tractors will be marketable and at what price?

**The Deputy Minister in the Ministry of Steel and Heavy Industries (Shri P. C. Sethi):** (a) to (d). A statement is laid on the Table of the House. [Placed in the Library, See No. LT-1790/63].

**Shri P. K. Deo:** From the statement we find that there has been no assessment made of the annual requirement of tractors in this country. May I know how far these licences are going to fulfil our requirements when they go into full production?

**Shri P. C. Sethi:** With regard to the assessment, the Planning Commission had made an assessment of the requirements of tractors. It was about 10,000 per annum for the Third Plan period. Action is being taken now. We have in all licensed capacity for 9,000 and further licences for 3,000 are being considered.

**Shri P. K. Deo:** No. 4 in the list is shown as Messrs. Mahindra and Mahindra. No mention has been made of the type of tractors they are going to manufacture and whether all the components would be made in this country.

**Shri P. C. Sethi:** It is the International Harvester type of tractors that they are going to make.

**Shri P. K. Deo:** I want to know whether all the components would be made in this country?

**The Minister of Steel and Heavy Industries (Shri C. Subramaniam):** It will not be possible, even at the very outset, to make all the components. Therefore, they always have a phased programme. Nowadays we insist that they should start with 80 per cent indigenous content.

**Shri Bhagwat Jha Azad:** May I know when the licence for the manufacture of power-tillers was given to these firms and whether they have indicated by when it would be possible for them to produce the quantities of tractors mentioned in the statement?

**Shri P. C. Sethi:** The licence for the power-tiller to the East Asiatic Company was given in the year 1960. They are likely to go into production shortly.

**Shri Bhagwat Jha Azad:** We want to know when they are likely to go into production. They were given the licence in 1960 and this is the third year since.

**Shri C. Subramaniam:** Some of the collaborations which they tried to negotiate fell through but finally they