

MR. DEPUTY SPEAKER: I shall now put all the cut motions moved to the Demands for Grants relating to the Minister of External Affairs together to the vote of the House.

*All the cut Motions were put and negatived*

MR. DEPUTY SPEAKER: I shall now put the Demands for Grants relating to the Ministry of External Affairs to the vote of the House. The question is:

"That the respective sums of not

exceeding the amounts on Revenue Accounts and Capital Account shown in the fourth column of the Order Paper be granted to the President, out of the Consolidated Fund of India to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1989, in respect of the heads of Demands entered in the second column thereof against Demand No.23 relating to the Ministry of External Affairs"

*The motion was adopted.*

**Demand for Grant for 1988-89 In respect of Ministry of External Affairs voted by Lok Sabha**

No. of Demand	Name of Demand	Amount of Demand for Grant on Account voted by the House on 18th March, 1988		Account of Demand for Grant voted by the House	
		Revenue Rs.	Capital Rs.	Revenue Rs.	Capital Rs.
23	Ministry of External Affairs Ministry of External Affairs	69,26,00,000	15,50,00,000	334,72,00,000	77,50,00,000

[English]

**Ministry of Steel and Mines**

MR. DEPUTY SPEAKER: The House will now take up discussion and voting on Demand Nos.67 and 68 relating to the Ministry of Steel and Mines for which 4 hours have been allotted.

Hon. Members present in the House

whose cut motions to the Demands for Grants have been circulated may, if they desire to move their cut motions, send slips to the Table within 15 minutes indicating the serial numbers of the cut motions they would like to move. Those cut motions only will be treated as moved.

A list showing the serial numbers of cut motions moved will be put up on the Notice Board shortly. In case any member finds any

[Mr. Deputy Speaker]  
discrepancy in the list he may kindly bring it to the notice of the Officer at the Table without delay.

Motion moved:

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the fourth column of the

Order Paper be granted to the President, out of the Consolidated Fund of India to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March 1989, in respect of the heads of Demands entered in the Second column thereof against Demands Nos.67 and 68 relating to the Ministry of Steel and Mines."

**Demande for grants for 1988-89 in respect of Ministry of Steel and Mines submitted at the vote of Lok Sabha**

<i>No. of Demand</i>	<i>Name of Demand</i>	<i>Amount of Demand for grants on Account voted by the House on 18th March '1988</i>		<i>Amount of Demand for grant submitted to the vote of the house</i>	
1	2	3	4	5	6
		Revenue Rs.	Capital Rs.	Revenue Rs.	Capital Rs.
67	Ministry of Steel and Mines Department of Steel	8,60,00,000	108,24,00,000	43,01,00,000	541,23,00,000
68	Department of Mines.	19,69,00,000	37,77,00,000	98,43,00,000	188,84,00,000

MR. DEPUTY SPEAKER: Shri B.B. Ramaiah.

SHRI B.B.RAMAIAH (Eluru): I rise to participate in the discussion on the Demands for Grants relating to the Ministry of Steel and Mines. This is one of the important items for the development of our country. Today the progress of any country in the world is gauged by the production of its steel. Steel has become one of the important items right from the smallest sector to the largest sector. Taking even a small item and going upto the defence requirement like the biggest gun and other things, steel is very essential for their manufacture. Even the construction of houses, dams and any type

of work today depends upon steel. Unfortunately, India, in terms of steel production, is the lowest. It ranges between 15 and 18 kg per capita whereas in Japan it is 629 kgs; in West Germany, it is 549 kgs; in USSR, it is 570 kgs; in USA, it is 508 kgs; and it varies like that in different countries.

The progress of any country and its economic development depends on how the production of steel goes up. If we go back to the history of steel in this country we will find that in 1948 India produced 1.2 million tonnes of steel whereas Japan produced 1.8 million tonnes of steel. Whereas in 1982 India could not reach the target of 110 million tonnes of steel, Japan had succeeded 100 million tonnes of steel. This is the historical

development that has happened in the last decade that has passed through. The reason why I am telling the House about all these things is to show how we are going about the production of steel in spite of our having resources. The essential resources for steel industry are iron ore, coal and limestones. Having all these things available in this country and having a lot of man-power available in this country, we are unable to reach the targets. We are not able to achieve these requirements for the development and progress of this country. If you look at the demand, by the year 2000, as per the estimates of the planning people, it will be 22.5 million tonnes and our achievement may not be even 17.2 million tonnes as per the calculations available with us. That shows that there will be a gap of 5.3 million tonnes by the year 2000. And, that shows the requirement of concentration and utilisation and the resource mobilisation for this industry which is very essential. In fact, my idea is the above demand is much lower than what is required. In fact, we want to support the steel industry and develop it much faster and we need the resources for the progress and prosperity of this country.

There are some more factors. Look at China. They are producing even more than 47 million to 50 million tonnes of steel. We are not able to progress even at the rate at which China is progressing. That shows what is our growth orientation. In the figures that are available for steel production from SAIL for 1986-87 it is 6.31 million tonnes of saleable steel; for 1987-88 it is only 7.24 million tonnes of saleable steel. Of course, for TISCO it is coming to about 1.93 million tonnes and for electric arc furnaces may be it is about 3.00 million tonnes. But whereas you can see the profitability in steel is around Rs.159 crores in 1985-86, and—I do not know why—there is a decline in 1986-87 coming to Rs. 52.81 crores. That shows that there is some inefficiency in the production

of steel which requires a little bit more concentration then development.

In fact, the utilisation factor is one important factor and also the up dating of technology and the manpower position. If you look at the utilisation factor, for Bhilai it is 77 percent, for Durgapur it is 65 per cent, for Rourkela it is 89 per cent, for Bokaro it is 75 per cent and for TISCO it is 65 per cent. That shows the main factor for development of the existing plants itself is more important and we need to strengthen these things. As per the recommendations of the recent committees, it is seen that we need at least Rs.1500 crores per year for modernisation, improvement and development of these steel units. I hope; that the Government will take proper initiative and they would improve on these aspects.

If you look at the demands, for 1987-88 we need about 12.5 million tonnes of steel and 1.76 million tonnes of pig Iron, where including the probabilities, the provisions you make for imports, comes to 12.53 million tonnes of a steel and 1.47 million tonnes of pig iron ingots. And we have to spend every year, as per figures available, about more than Rs.900 crores for import of steel.

As I mentioned earlier, we have tremendous resources of raw materials for steel industry. Unfortunately, we have still to depend on imports and waste more amount of money for the import of steel. If you look at the development of any country, as I mentioned earlier about the major countries, the major factor of profitability and the progress on the steel side is very important.

I have a few more figures available with me which reflect upon the energy requirements in the Indian steel industry today which is between 9 to 16 Dega calories of energy per tonne of steel. The same thing, outside the country is 5 to 7 Dega calories of energy per tonne of steel.

[Sh. B.B. Ramaiah]

The blast furnace utilisation is also a very poor in this country and it is one of the most inefficient ways of operating the blast furnaces. If things were to be put in a different way, manpower requirement, and production—as per the available information with me—the man year production is only 68 ingot steel tonnes whereas in Japan it is 400 and in Korea it is 600 ingot steel tonnes per man year.

For a long time the steel produced in India is supposed to be the cheapest in the world; but unfortunately it has gone up so high now that today ours is a very expensive steel—more than in any other country you can see.

Look at these various other factors that are required, on the aspect of these mini steel plants. Today they are able to produce excellent alloy steel, high carbon steel or any other special steel. They require more modernisation and efficient type of furnace. If only Government gives more encouragement, then the smaller capacity plant can operate more efficiently and fill up the gap, so that we need not import it from outside.

Coming to the Vizag Steel Plant, as I mentioned earlier, why are they inefficient and cost of production is so high? Though the estimated cost of the Steel Plant was Rs.2,250 crores, the revised estimated cost rose to Rs.7,500 crores. I can really understand, what amount of gap between the estimated cost and how much it reaches at the end. I can tell you this will cost much more than that. Right from the beginning, if you take into account the interest on the investment in Vizag Steel Plant, then it will become much higher. But, of late they have revised the whole thing and they have estimated to reduce the various plant production objects, and estimated at Rs. 6,300 crores with low saleable steel and more pig iron. Though this estimate says that by the

end of this year, the first phase of the plant will come into operation, I request the Hon. Member to confirm whether it will go into operation by the end of this year, full capacity should be reached by the end of 1990, and if it requires more funds to be allocated. In 1985, they only allocated Rs.250 crores for Vizag Steel Plant and we have made it very clear that the Plant will never see the light of the production even after ten years and the cost of the steel would go up because our administrative cost is going on increasing every year, and the amount of money that goes to the project is so little. Luckily, they have revised the allocation to Rs.750 crores. We hope at least, we will be able to reach the production at the first stage by the end of 1988 and in 1990, we hope to reach the full production capacity, as per the revised plant outlay. Still, a lot of things are required for Vizag Steel Plant. They have taken over about twenty thousand acres of land, unfortunately the compensation was not paid properly so far. As per the calculation, 9,188 people have been displaced and they have been promised that they will be rehabilitated and given some jobs. Out of them, only 1418 persons have been given employment and more than 7,000 persons, who have been displaced, have not been given jobs so far. I hope the hon. Minister will look into this matter and see that some justice is done to those people, otherwise they will have to face a lot of difficulties. Even though they have been displaced several years back, they are yet to be given some jobs.

Coming to the various other development along with steel, the iron ore, coal and lime stone have to be transported economically. For the Vizag Steel Plant, you may have to import coal and lime stone, and the rest of the things will have to be mobilised. The finished steel also requires transport facilities. That means, the Railways also should be strengthened along with this. That is why, steel industry alone cannot be identified along with other requirements; may be

the requirements of finance on the one side; technological improvement on the other side; transportation and communication facilities required for the development of steel industry. As I mentioned earlier, it gives one of the largest potentiality for absorbing manpower, because so many ancillary industries are required; either to supply, or finished steel for utilisation of various purposes. Even today, if you want to strengthen Defence, I will suggest that steel should be first improved, especially the quality of the steel. We are spending a large sum of money for importing those items. If we improve our technology and also the quality of the steel, then we can produce a lot of items to meet our defence requirements and we can strengthen our country in all respects.

Coming to the mining side, I would only like to make a few points. The NALCO is doing quite good. The development of bauxite has improved well and the new alumina has developed. We were able to develop the export market instead of imports. We have given some initiative to Zinc and Lead industries and various aspects for the development of copper. But, still all these require a lot more facilities. The mining industry, as I said, requires a lot of special consideration. The people who are in backward areas where mining is done, require employment, quality of treatment and special facilities. At many places they do not have proper and real requirement of normal life conditions like medical requirements, health requirements. Other consideration for those people is essential. I hope, the hon. Minister will also take some of these aspects into consideration.

Mining requires a special type of equipment which needs more modernisation so that people should not be exposed more to undesirable type of climatic conditions. Ecological facilities and climatic conditions that are required, should also be taken into consideration. I think, unless we take up

these things, the condition of the country and development of steel will not improve. Look at the Salem steel plant. It produces special type of steel. May be, we want expansion, modernisation and development. Earlier we thought that this had already been approved. Unfortunately, in the Seventh Plan very little sanction is there. I do not know whether it will be completed in the Eighth Plan. Today we are importing lot of special steel and special alloy steel. That is why, we want to see not only the production of ordinary steel but special alloy steel and special stainless steel. This is the most expensive item that we are importing and spending a lot of money outside thus straining our scarce foreign exchange reserves. I am sure, the hon. Minister will take more interest and get more sanction than what we have provided today, if required. We always give full support so that we can strengthen and develop the industry and the per capita income along with these things. I hope, the Minister will take these things into consideration and see that it strengthens the economy.

With these words, I thank you very much for giving me an opportunity to speak.

SHRI K. RAMACHANDRA REDDY  
(Hindupur): I beg to move:

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to set up Vijayanagar Steel Plant which is pending since 1970 to utilise the vast deposits of iron ore available in Bellary-Hospet area in Karnataka.](1)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to increase the funds for Vijayanagar Steel Plant from Rs.10 crores to 200 crores.](2)

[Sh. K. Ramachandra Reddy]

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to check rise in prices of steel which has adversely affected on small scale industries and housing.](3)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need for reducing the cost of production of steel in the country.](4)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to increase production of steel so that import of steel is reduced considerably.](5)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to give employment to persons whose land was acquired for construction of Vizag Steel Plant](6)

"That the demand under the head Department of Steel be reduced by Rs. 100."

[Need to increase the capacity utilisation of steel Plants.](7)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need for achievement of target of saleable steel in public sector steel plants.](8)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to reduce losses sus-

tained by public sector steel plants.](9)

"That the demand under the head Department of Steel be reduced by Rs 100."

[Need to allot sufficient funds for Vizag Steel Plant so as to complete it as per schedule.](10)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need for more funds for modernisation and expansion of steel plants.](11)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for a comprehensive policy document on the development of minerals.](12)

"That the demand under the head of Department of Mines be reduced by Rs. 100."

[Need to expedite steps for establishing a bauxite project in Andhra Pradesh](13)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need of more financial assistance for better exploitation of Ramgiri Gold Mines in Andhra Pradesh](14)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for speedy development of diamond mines at Vajrakarur

in Andhra Pradesh.](15)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for adequate arrangements to export iron ore at cheaper rates from the Goa Port.](16)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for nationalisation of all mines owned by individuals.](17)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for better exploitation of minerals in Rayalaseema in Andhra Pradesh](18)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for a thorough geological survey of minerals resources in the districts of Anantapur and Cuhddapah in Andhra Pradesh.](19)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for speedy exploitation of mineral wealth in Srikakulam district in Andhra Pradesh.](20)

SHRI V.S.KRISHNA IYER (Bangalore South): I beg to move:

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to set up Vijayanagar Steel Plant in Karnataka, the foundation stone of which was laid by the then Prime Minister in 1971.](21)

"That the demand under the head Department of Steel be reduced by Rs.100."

[Need to take over the Visvesvaraya Iron and Steel Limited, Bhadravathi, Karnataka by the Steel Authority of India Limited.](22)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need for modernisation of Bharat Gold Mines and Kolar Gold Fields, Karnataka.](23)

"That the demand under the head Department of Mines be reduced by Rs.100."

[Need to take adequate safety measures for the mine workers in Bharat Gold Mines and Kolar Gold Fields.](24)

SHRI B.R.BHAGAT (Arrah): Steel is the backbone of India's economic development. It is not only very vital but it is the base of the entire industrial structure in the country. It is the dominant public sector. It is the main motivating force in building up the infrastructural base for the industrial development of the country. The well being of steel, how it is being managed, on its development depends the entire growth of the industrial sector. Steel is consumed by not only the basic industries, the capital goods industries

[Sh. B.R. Bhagat]

but by everybody. Its consumption signifies the agricultural development and development of irrigation potential in the country. So, steel as an input, goes into everything. Therefore, the well being of steel is vital for the development of the economy. I am glad that the House is exercised over it. In the last few years the development of steel industry in the country has gone through a very difficult period. Today we have turned the corner. We are again on the forward move. In 1984-85, the growth rate in steel industry in our country was 14%. That was the highest in the whole world. If you compare with Japan, if you compare with China or if you compare with Korea, you will find that their growth was around 10%. But in one year, in that particular year, that is, in 1984-85, it was 14% in our country. Earlier, we had a slack position and if you see the various demand factors and supply availability, there was a depression in the growth of steel. That was mainly because of the limitations, constraint of demand and because the country's advancement is based on economic growth and because there was ups and downs, particularly after 1966, the result was that the production in steel plants had deliberately to be cut down. Each steel plant was carrying large stock and they could not dispose of it as per schedule. This had resulted in slackening the investment factor. But during the seventh plan, care was taken. There was a fresh appraisal of the demand factor and the availability and after going into the correlations between the two, a new programme for additional expansion of the various steel products was considered. In Bhilai the expansion programme for 4 million tonnes was started in Bokaro a little more than 4 million tonnes was to be produced and similarly in Rourkela and in Durgapur where a special steel alloy plant was started for production of more steel. In other places also integrated

plants were installed and they started production of steel.

Now, in regard to the steel plant at Vizag, the hon. Member was dwelt on that plant. But it is true that it was started in the year 1971, the foundation stone was laid then but because the period came where the demand constraint was there, the whole investment pattern in steel industries changed. There was a period of inactivity. It was not a deliberate action. But when you know that the existing unit were carrying large stocks—there was a poor demand situation, constraint situation—there was slackening investment position. But once a decision has been taken now, it is going to be continued with full swing. The report suggests that it is going on in a rather planned manner. The programme of construction of the Vizag Steel Plant will go on and we hope because of the new technology involved, because of the new methods, the new higher improved technology involved—even though the capital cost has gone up—something like Rs.8000 crores will be invested in this plant. Earlier when it was planned, the cost was estimated only Rs.2300 crores or Rs.2500 crores and in between, at one time, the idea was to reduce this. The Experts committee went into it and now they said that it might go up to Rs.5000 crores at that time and then they said it would cost Rs.7500 crores. But the latest estimate is that it will be around Rs.8000 crores because of the general product-mix, the technology involved, the raw materials required for the production, beneficiation and the new technologies involved in the production of steel. It is hoped that there would not be any more time and cost over-run in this. This is the new factor that is involved and I am particularly happy that this is not only in Vizag Steel Plant but in other also. But since the new Minister has taken over this Ministry, he is known for his dynamism and practical approach to this problem and his excellent relations and his giving imparting momentum is different. In



the working, if you see, you will know and I will come later on tommorw. You can sure that this dynamism is being appreciated.

18.00 hrs.

MR. DEPUTY-SPEAKER: You can continue tomorrow.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, April 21, 1988/ Vaisakha 1, 1910 (Saka)*

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