

SHRI SOMNATH CHATTERJEE: You, as the Custodian, should see that the commitment is fulfilled.

SHRI S. JAIPAL REDDY: You should assure us that the commitment will be honoured.

MR. SPEAKER: You can write to me.

PROF. MADHU DHANAVATE: He can tell us whether the reports will be laid on the Table of the House so that we will find it easy to discuss...

MR. SPEAKER: I do not know.

PROF. MADHU DANAVATE: Why doesn't he get up and say that he will? *(Interruptions)*

SHRI SOMNATH CHATTERJEE: The commitment made should be complied with.

PROF. MADHU DANAVATE: Is it too much on our part to demand this information?

SHRI S. JAIPAL REDDY: On a point of order. I raised this point of order earlier also. My point of order is this. Originally, the Government of India promised to the House that the inquiry reports of various Committees constituted by the then Raksha Mantri would be placed on the Table of the House...

MR. SPEAKER. You give in writing. I do not know whether there was any such thing.

SHRI S. JAIPAL REDDY: Now Mr. Pant says that they are under the consideration of the Government...

MR. SPEAKER: No; not allowed.

*(Interruptions)*

MR. SPEAKER: No. You can discuss his statement. That is all.

*(Interruptions)*

MR. SPEAKER: Fifteen minutes earlier you were so much at their threats. Now you do not listen to me ?

PROF. MADHU DANAVATE: Is it too much on our part to demand this? If discussion under Rule 193 is to take place, before that, the reports should be available to the House.

MR. SPEAKER: I cannot bind him. If it is an assurance, you can write. But if it is not, then I cannot do anything...

PROF. MADHU DANAVATE: Is there a better place than the House to enquire about it? *(Interruptions)*

SHRI DINESH GOSWAMI (Guwahati): Let him respond, Sir.

MR. SPEAKER. What I could do, I have done. I can only allow a discussion. That, I have never barred and I will never bar.

SHRI SOMNATH CHATTERJEE: The hon. Defence Minister considers the matter as important. That is why he has come forward with the statement.

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12.52 hrs.

DEMANDS FOR GRANTS 1988-89 - *Contd.*

*[English]*

*Ministry of Steel and Mines-Contd.*

MR. SPEAKER: The House will now take up further discussion and voting on the Demands for Grants under the control of the Ministry of Steel and Mines. Mr. B.R. Bhagat to continue.

SHRI B. R. BHAGAT (Arrah): Mr. Speaker, Sir...

SHRI SOMNATH CHATTERJEE (Bolpur): Kindly protect, Sir, the dignity of the House is involved.

MR. SPEAKER: You can write to me.

SHRI S. JAIPAL REDDY (Mahbubnagar):  
The House is insulted, Sir. They are taking  
the House for a ride...*(Interruptions)*

SHRI BASUDEB ACHARIA (Bankura): A  
commitment was made.

SHRI SOMNATH CHATTERJEE: Can  
anybody make a commitment and ignore  
it?

MR. SPEAKER: We have got Motions for  
that. We have got a full Committee on  
that.

SHRI BASUDEB ACHARIA: I would like  
that the reports be placed on the Table of  
House.

PROF. MADHU DANDAVATE: Even for  
a discussion under Rule 193 we would like  
to be in the possession of various reports.  
We are simply asking whether they will be  
laid on the Table of the House so that the  
discussion under Rule 193 will be fruitful...

MR. SPEAKER: It is left to the Minister.

*(Interruptions)*

SHRI SOMNATH CHATTERJEE: A  
commitment was made... *(Interruptions)*

MR. SPEAKER: Show that commitment  
to me. I will see whether there was any  
commitment.

SHRI BASUDEB ACHARIA: We want to  
know whether the reports will be placed  
on the Table of the House.

*[Translation]*

MR. SPEAKER: If you give in writing, I  
will get it ascertained.

*(Interruptions)*

*[English]*

MR. SPEAKER: I have given my ruling.

PROF. MADHU DANDAVATE: Can the  
Defence Minister not tell us...*(Interruptions)*

MR. SPEAKER: I do not remember  
whether there was anything. I will find out  
if there was anything.

*(Interruptions)*

*[Translation]*

MR. SPEAKER: I have never refused you.  
You can raise anything within the rules.

*[English]*

You are welcome to do that.

SHRI DINESH GOSWAMI: I am on a  
point of order. Will you please listen to my  
point of order?

MR. SPEAKER: What is your point of  
order?

SHRI DINESH GOSWAMI: The discus-  
sion is coming up. He has placed a docu-  
ment which is incomplete...

MR. SPEAKER: No question of its being  
incomplete.

SHRI DINESH GOSWAMI: How can  
you expect us to participate in the discus-  
sion fruitfully?

MR. SPEAKER: You can discuss that  
also.

*(Interruptions)*

*[Translation]*

MR. SPEAKER: Now you are doing the  
same thing against which you have spoken  
earlier. *(Interruptions)*

*[English]*

SHRI BASUDEB ACHARIA: Please find  
out, Sir, whether a commitment was given  
that the reports will be placed on the Table  
of House.

*[Translation]*

MR. SPEAKER: You give in writing.

[English]

SHRI S. JAIPAL REDDY: We want the Defence Minister to assure us that the inquiry reports will be laid on the Table of the House.

[Translation]

MR. SPEAKER: Jaipalji, in the case of others, you make a mountain out of a mole hill, but in your own case, it is the opposite. You blame others but you yourself do not listen. Now sit down.

(Interruptions)

[English]

SHRI BASUDEB ACHARIA: How can we participate in the discussion without seeing the reports?

SHRI SURESH KURUP: Will you please give your ruling?

(Interruptions)

[Translation]

MR. SPEAKER: I have already told you. You can raise it. You have made the rules. You can write to me.

(Interruptions)

[English]

SHRI B. R. BHAGAT: When the House rose yesterday, I was dealing with ... (Interruptions)

[Translation]

MR. SPEAKER: Jaipalji, Choubeyji, now please take your seats. The Demands of the Defence Ministry are going to be taken up. Then you raise it.

[English]

12.56 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]\*

MR. DEPUTY SPEAKER: Nothing will go on record... (Interruptions)\*\*

SHRI B.R. BHAGAT: Mr. Deputy Speaker, Sir, when the House rose yesterday, I was pleading with the construction schedule of the Vizag Steel Plant. It is a matter of great satisfaction to me personally because the foundation stone of this plant was laid, when I was the Steel Minister, by no less a person than our illustrious and brave Prime Minister Mrs. Indira Gandhi. It was the policy of the Government of India at that time..

(Interruptions)\*\*

MR. DEPUTY SPEAKER: Do not interrupt. I am not allowing.

SHRI B. R. BHAGAT: There was a demand from our countrymen from the South for setting up of a steel plant in the Southern State. Then, Government in view of the need for dispersal of this vital industry from the usual place where techno-economic considerations were made, decided to set up a Steel Plant in Vizag. Some 18 years have passed, it was said that if a steel plant was started with a cost of Rs. 2,500 crores for two million tonnes, it would not be viable today because there has been cost escalation. At one time, it was thought that the cost of this plant will be Rs. 8,300 crores. I give credit to this Government particularly in the last two years that they have gone into this aspect. Today, the cost has scaled down to Rs. 7,500 crores, and as per the latest Report of the Ministry, the cost of this plant will be further reduced to Rs. 6,300 crores for 3.4 million tonnes of steel. The way the construction schedule has been upgraded and accelerated, the first phase is going to be over by the end of this year, that is, December 1988. It is a great progress. I must compliment the Minister, the Department and the Steel Authority for bringing about this transformation. They have done it by making this plant a most productive plant by modern technologies, new innovations and new product-mix. We require lighter products, carbon industries for our country which are of a higher value products. All this will be gone into. The consumption of

energy per tonne of high metal of steel and all these beneficiation of the coking coal and all these new methods are being introduced so that this plant - we are happy to note - is going to be not only economical but it is going to be the most productive and the most modern plant and I am happy to note that the new schedule or the new phasing that is determined will be adhered to. There would not be any more delay in it. This is a very important matter. Actually it goes into functioning.

13.00 hrs.

If you see the functioning of the SAIL, there is all round improvement. Take the construction side itself. In the construction side the strategy at that time when the steel plants in the South were determined was that the existing plants in the North will be concentrated in the States of Madhya Pradesh, Bihar, Orissa and West Bengal and there will be further expansion.

When the 2nd Plan started, when the concept of steel started, the idea was that by 2000 AD we will be needing 70 million tonnes -- the demand projection was 70 million tonnes. The idea was that in the North, all the existing plants will be expanded to the maximum capacity so as to bring the cost down.

Today the capacity of Bokaro is 4.3 million tonnes and that of Bhilai is 4 million tonnes and the construction schedule is going on. In the case of Bhilai it is nearly complete and in Bokaro also the progress is in a very advanced stage. Similarly in Rourkela the construction in principle has been decided and Durgapur has been agreed to. We have now steel plants in Pohang in South Korea of 10 million tonnes and another steel plant in Japan is around 8 to 10 million tonnes. Now the total production of SAIL is just 7 million tonnes. At that time the concept was that Bokaro itself can be -- there are all the technoeconomic feasibility, material availability and using various methods -- developed into a steel

plant of 10 million tonnes. But we are still struggling around 4 million tonnes.

Now we have gone into the concept of the new. Our demand projection has been scaled down. If you see the allocations and the capacity you can compare. It is coming down. It is for the Minister and the Department of Steel to reconcile what is going to be the basic projection of our capacity.

The allocation fixed in the 2nd Plan was 4.5% of the total plan outlay in the public sector. Then it went up in the 3rd Plan to 5.9% of the total. Then it came down, but marginally to the level of the 2nd Plan, and in the 4th Plan it was 4.5% of the public sector outlay. In the 5th Plan it further came down to 3.3%. In the 6th Plan it has come down to 2.3%. In the 7th Plan the investment plan for steel is Rs. 6420.13 crores. The demand projection is also coming down. If you see the demand and the availability now, at one time it was thought that the demand by the end of 2000 AD would be of the order of 30 million tonnes. It has been brought down now. An expert Committee has gone into the matter. They have thought that the demand for steel at that period of time will be 26.36 million tonnes. The demand will be little over 22 million tonnes. Therefore, the gap between the demand and the availability has been reduced from 5.3 million tonnes to 3.9 million tonnes. We have to see that this gap is as narrow as .9 million tonnes. In the next five years, the gap will be 3.5 million tonnes according to the revised demand. But this is on the basis of the overall national growth of the economy of 4.5 per cent. The Seventh Plan considers the overall growth of 5 per cent. The Eighth Plan is in formulation.

In the last meeting of the Planning Commission, the Prime Minister has said that by following the new methods, we can go for 5 to 6 per cent growth. So, what is going to happen to the demand of steel? Steel is the basic material. It is the basic input into the growth factor. We have taken the growth factor at 4.5 per cent.

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What is going to happen to new directions of the Prime Minister to the Planning Commission that in the Eighth Plan, the growth factor is to be taken up to more than 5 per cent? The demand is going to increase. Therefore, the investment pattern also has to increase. This point has to be considered. We have to maximise the production.

If you see the performance of the SAIL, the performance has been to the extent of 75 per cent of all the steel projects. Rourkela has registered 89 per cent which is the highest. There is no reason why we cannot achieve a higher level of performance. I know about the basic deficiencies. There are various factors. Apart from the inputs, it is the quality of inputs, raw materials, coking coal and the energy factor. There has been a fall in the Durgapur and other areas of steel production. In the first half of this year, the production average was nearly 90 per cent. In the second half, because of the breakdown in the supply of energy, the figure came down. Bhilai, at one time, was producing at the rate of over 100 per cent. I know the obsolescence factor is there. The plants have to be modernised. Financial management is there. There is drawback of capital. They are putting back the capital into the industry year after year. As the modernisation process goes on, it has not been taken care of that way. There is an element of obsolescence. That has to be looked into. If there is going to be a bigger gap in demand and availability of steel, than a study should be conducted. The performance is better. In the next two years, it must reach a level of optimisation of production. It can be nearly 100 per cent. Some plants are producing 100 per cent but certainly the production ratio should be in the 90's for all the plants. When HEC heavy machinery project was set up, the idea was that it should produce every year utmost 2 million tonnes of machinery for producing two million tonnes of steel every year. That was the concept in the Second Plan and the Third Plan. Now HEC is doing something else. Of course, this is not the concern of this Ministry but as it is regard-

ing the basic machinery-making, HEC is doing something else but not steel-making. At that time, the idea was that when the Vizag plant was to be set up, it should be 100 per cent indigenous plant. We have lagged behind in that and we have to see that if we have to go on a self-sustained rate of growth, not only the inputs, but the plants must generate their own funds, the capital must come out of the plant themselves. This is the concept. In this also there should be indigenous machinery and it should be self-reliant in future. This is because when you see the concept of the world as a whole, the world is producing 850 million tonnes of steel for the last several years. Of course, we cannot make a comparative study. But what happens is that if there is a spurt, the world economy grows. If there is a spurt, we will be lagging behind. We are importing 2 million tonnes of steel. If we see the export-import, in 1986-87, we imported 2.06 millions of the value of Rs. 898 crores, in 1985-86, it is 2.10 million tonnes of the value of Rs. 984 crores. So, nearly it is rising. Earlier, it was Rs. 677 crores. At this rate, we will be importing more and more and our export is very minimum. Export is Rs. 3 crores in 1985-86 and Rs. 8 crores or Rs. 9 crores last year. This is the situation. At one time, the idea was that the concept has to change. The point is that we should be competitive. The most important point today is that steel is the basic element for the entire public sector and the production is determined on how we run the steel plants. This is in the management because this is the most complex matter. We have to introduce the latest technique. In the beginning, when we started our steel plants in the Second Plan, India was supposed to be recognisedly the cheapest steel producer in the world and now we are the costliest in the world. You can see the difference. If you see the energy consumption per tonne of steel, it is 50 per cent higher than of the developed countries. So, energy is a must and all efficient energy technology is a must. They are doing it.

PROF. MADHU DANDAVTE: Why are you gloating over the increase of cost?

**SHRI B. R. BHAGAT:** I am not gloating. I think you are absent-minded. You have forgotten the whole thrust of my argument. I am saying that we should be competitive.

**PROF. MADHU DANDAVATE:** What about our own food technology? I think it is imported from Japan. (*Interruptions*)

**SHRI NARAYAN CHOUBEY** (Midnapore): We are always importing the latest technology from Japan and Germany. Why can't we develop our own technology?

**SHRI B. R. BHAGAT:** Everybody is importing technology these days. If you compare the import of technology by a country like China and that of Japan, they are importing several hundred times. They have imported around 2000 items of technology during the last year and we have imported only 60-80 items.

**SHRI NARAYAN CHOUBEY:** Should we imitate China only in imports?

**SHRI B. R. BHAGAT:** These hard substances do not get in your mind. Today the technologies have now national frontiers and no ideologies.

Each country has to decide its own national interest. Have we not followed a policy that we cannot be submerged by any invasion of technology? Our import of technology is selective. Is that not our policy not from today but 20 years hence? Is India not a country standing on its own legs? But the point I was making is that everybody imports technology. And I say that everybody must import. The idea is how appropriate the technology is. What is it going to do? If you want to have a competitive business in steel or for that matter in any industry, you have to bring down the cost. In that sphere, I am happy to note that the SAIL has done very well. The most important thing is the energy efficient technology. If you see the figures, in one year there has been an 8 per cent saving of the energy in Steel plant. Similarly, in the coking coal, we are using 800 Kg. for 1 million tonne of hot metal. The countries like Korea and Japan are using 450 to 500 Kg. So, in one year we have

saved 50 to 100 Kg. of coking coal. From 800 Kg. we have brought it down to 700 Kg. The progress has been made but the point I am saying is that we have also to look into the investment so that we need not import any more. We should develop our own steel industry by 2000 A.D.

Now, I would like to say a word about the price. It is true that in the last December the prices were raised but they were raised after February 1985. In between the cost of inputs had gone up; the freight had gone up; the electricity charges had gone up and the cost of the raw materials had gone up. Every State Government has to pay cess on the minerals and that had also gone up. Still the plants were able to absorb. This is the indication of the higher proficiency and higher capability.

You have to see that the administered prices are not the cause of inflation. If we achieve the higher rate of production then these prices can be absorbed. But the point is that they must generate funds for its own future production.

One last point is about the mineral development. India is heading towards a stage of economic growth where mass consumption of minerals in basic industries is predicted. There will be enormous rise in the use of minerals in other metallurgical and mineral industries. Therefore, the management of the mineral reserves requires some policy guidelines. In the beginning of the century we started with the 14 minerals. Now, we have developed 44 minerals. The other day, there was an announcement of a mineral policy which was drafted. It has been given to the Members of the Consultative Committee. The Minister has promised that they will soon come out with a decision on the Mineral policy. The basic objective of such a policy should be first to promote the prospects of exploration, conservation and beneficiation of the mineral reserves. New techniques have come in for exploration and the Geological Survey of India should not continue with the old methods any more. The exploration technology should be modernised. May be, some of the new technologies may have to be imported. But if

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we do not import the new technologies, mineral development will simply be halted. Therefore, new methods with new technologies for exploration, conservation and beneficiation of our mineral resources should be the first element of the policy.

Secondly we should ensure adequate supply of minerals to our industries such as the aluminium, copper, Zinc and other such industries, which are importing minerals. These industries should be supplied with the required minerals in sufficient quantity so that these can be developed. Luckily, we have unlimited reserves, in coal and iron ore. But we do not have unlimited reserves for many other minerals, which are to be developed. The policy should continuously provide for their development.

To promote the infrastructural facilities for mineral development should be the third important objective of the policy.

Fourthly, we should try to save foreign exchange by appropriate export promotion. We are exporting bulk of our iron ore, employing it only in steel making. It has always been our policy that instead of exporting iron ore or exporting the basic raw materials, we should try to export either processed minerals or finished products. Instead of exporting pure iron ore, we should be able to export more of finished steel, more of pig-iron, more of sponge iron, more of pellets and so on. For other minerals also, we should adopt a similar policy.

Fifthly, we should also make provision for the training and education of our manpower to match the requirements of the modernised industries. Manpower requirement should be related to the overall development, so that it does not become a negative factor leading to a negative curve and bringing down the productivity thereby.

With these words, I support the demands. I am happy to note that our min-

eral industry and our steel industry are at a turning point taking an upward curve. The performance shows that they are not only geared to new ideas, but they are also very quick in implementing the new ideas and new technologies and there is going to be an upward trend. I hope the Minister who is very keen to adopt new ideas and who is very dynamic will have a full opportunity of utilising this upward trend in steel industry, in the metallurgical industries and in mines and mineral industries to the greatest national advantage.

[Translation]

\*SHRI PURNA CHANDRA MALIK (Durgapur): Mr. Deputy Speaker, Sir, the hon. Minister for Steel and Mines has placed before this House the demands for grants pertaining to his Ministry for the financial year 1988-89. While speaking on that, I will like to place my views regarding the steel industry of our country.

Sir, the steel industry is a vital and basic industry, because for setting up any industry steel is essential. But the Government of India has not given it the due importance and has treated it lightly which has resulted in a scant allocation of only Rs. 4,000 crores for the steel industry in the 7th Five Year Plan. The yardstick for judging a country's economic development is the amount of steel it produces.

At the time of our independence, in 1947, we were producing 1.5 million tons of steel. Today after 40 years of independence, the production has gone up to only 12 million tons. That comes to about 16 Kg. per head of our population.

China with a population of 100 crores produced 56 million tons of steel last year. That gives a per capita production of 70 Kg.

Soviet Union has produced 154.5 million tons. That comes to 573 Kg. per head. Even small countries like South Korea and Brazil have produced much more steel than us. In our country the demand for steel in 1987-88 was 12.59

\* Translation of the speech originally delivered in Bengali.

million tons whereas the availability of steel including imports was 12.53 million tons. Now what is the root cause of our falling back in production of steel? The root cause is the import oriented industrial policy of our Government. Every year we are importing steel worth 1200 crores from foreign countries. It has been stated in the performance budget that this year also we shall have to import 1.5 million tons of steel.

As a justification for this, it is being stated that the price of steel in the international market is 30% lower than our domestic price, we are importing steel as the imported steel comes cheaper. But Sir, it is a matter of regret that we are not producing enough steel in spite of our country having all the raw material needed for producing steel and we are dependent on other countries for our requirements.

Sir, about 40 million tons of iron ore is produced in our country. But two-thirds of that iron ore is exported to other countries. Had we utilised this iron-ore for producing steel in our own country, then we would not have been dependent on others for steel. Sir, the irony is that we have abundant store of iron ore, we have abundant coking coal and millions and millions of strong and sturdy hands, but even then we have to depend on other countries for steel. The policy of the Government is that we will export iron ore and other raw materials to foreign countries and we will import finished steel from them. This is the industrial policy of our Central Government? This way we will never become self-sufficient in that steel production. It has been stated by this Ministry that by the end of 2000 A.D. India will have to import 5 million tons of steel. Our young Prime Minister says that we are proceeding fast towards the 21st century and when we reach there, we will be self sufficient in everything. But actually we shall have to import 5 million tons of a vital thing like steel at that time.

Sir, now I will say a few things about some steel plants of our country like Durgapur, Bokaro etc. Modernisation of these two steel plants have been

approved. But in every financial year a meagre and symbolic amount is being allocated for the same. Work is progressing at snail's pace and cost of modernisation is continuously escalating. We do not know when this work of modernisation will be completed, if ever at all. The Government has adopted a dilatory policy which has resulted in a stagnant situation in the steel industry today.

Sir, the work of expansion of the Alloy Steel Plant at Durgapur has progressed a little but the steel rolling work has not yet started there. As a result, of this today the Salem Plant is completed to import stainless steel coils from foreign countries like Finland, France etc. If the steel rolling work starts speedily at Durgapur then Salem will not have to import them and be dependent on other countries for their supply. Therefore, I demand that steel rolling work may be started at the ASP Durgapur immediately. I want to say one thing about the Salem Steel Plant. If the relation with the workers is not kept cordial there the production can never improve. The CITU Union at Salem is not being given recognition by the management there, in spite of its being the biggest union and in spite of the recommendation of the Tamil Nadu Government for its recognition. The CITU union is not consulted by the management, in various important matters. I will urge upon the Minister to please look into it.

Now Sir, one word about IISCO (Burnpur). This unit was taken over in 1972 as a sick industry. Since then there is repeated talk about its modernisation. For the last few years Soviet expert team, Japanese expert team, visited the same, crores of rupees were spent in this process. The Soviet expert team has submitted the project report. But in spite of that it is heard that they are not being given the work of its expansion and modernisation. The work is being entrusted to a Japanese multinational company. I want to draw your attention to the fact that the Socialist countries were the first to come forward to help India in building up its steel industry. No capitalist



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country came forward at that time. The Soviet Union set up our Bhilai Plant and you can all see its achievements. Compare it with the Plants set up by West Germany. What is their condition? But today we are not giving this responsibility to the Socialist world. The responsibility of modernisation of the Burnpur Plant is being given to a Japanese multinational company. This is indeed unfortunate. Japan has said that will invest money only on one condition. That is, they will have the right to decide the manpower and work culture of the plant. A news report says that this will result in 40% of the present workers being declared surplus and hence they will be retrenched. Thousands of workers will lose their jobs. This is a dangerous path. Sir, the World Bank has directed the Indian Government that if the Steel Industry is to be made self reliant and if it is to be saved, then it will have to be built up as private enterprise instead of State enterprise. It is regrettable that ISSCO is being made to follow this path for its expansion and modernisation. In today's conditions in the country when our national unity and integrity is being disturbed, it is a matter of apprehension that an imperialist country like Japan is being invited here. I will urge upon the hon. Minister once again to ensure that the above task is entrusted to the Soviet Union. Moreover, this issue must be thoroughly discussed in the Parliament or some important forums and with major trade unions before taking a final decision.

About the Vizag Steel Plant I have to say that as a result of meagre allocations the work is progressing very slowly and the inevitable result is cost escalation. This project is going on for a long time and must be completed quickly by allocating adequate funds for the same.

Sir, our late Prime Minister Smt. Indira Gandhi had laid the foundation stone of two steel plants at Vijayanagar in Karnataka and at Daitari near Paradip in Orissa, 15 years ago. But a nominal amount is being allocated for them each year. The work is practically at a standstill. I doubt whether

even at the end of this century the work on these plants will be completed.

Now I want to say a few things about contractors' labour. You know Sir, that in the Steel industry thousands of contractors labour is employed. They do the same work as permanent workers. There are laws for their regularisation and for being made permanent. But all that is on paper. They are not being regularised, even after long periods of service. This should also be looked into.

About wage agreement, Sir, you know that the wage agreement has expired on 31st August, 1986. Fresh wage agreements are not being made. Even after repeated meetings no decision has been taken. The Govt. should come forward to chalk out a proper wage policy.

About the recruitment policy I have to say that no new recruitment is being made to fill the vacancies caused by death or retirement. As a result of this policy thousands of unemployed youth of our country are not getting any employment avenues. Therefore, I demand that immediate steps should be taken to fill up these vacancies. Recruitment must be made for these vacant posts in the steel industry. At least one person in the family of those employees who have died in harness must be provided jobs. This is my appeal to the hon. Minister.

Sir, the causes that are being cited for the loss in our steel industry is, supply of low grade raw material, power shortage etc. etc. The management tries to bluff away showing such reasons for loss. But Sir, I tell you, the main reason of the loss is, theft, pilferage, corruption and wastage in the steel industry. This is the root cause. When hon. Shri K.C. Pant was the Minister in charge of this Ministry, I had brought to his notice some specific cases of theft and corruption in Durgapur Steel Plant. But what happened in those specific cases. Who are punished? I know that no one has been punished in those cases.

Now, Sir, I am mentioning about another specific case of corruption in

Durgapur. You know that for the furnace at Durgapur Alloy Steel Plant, graphite electrode is needed. For the supply of this a tender was called in 1987. Every year 30 to 50 tons of graphite electrode is needed in this plant. In response to that tender 3 applications were received. The applicants were - 1. Durgapur Graphite India Ltd., 2. Hindustan Electro Graphite, Bhopal and 3. Carbon Corporation, Nasik. It was suddenly found that the Hindustan Electro Graphite Ltd. of Bhopal was quickly awarded the contract. The person who worked behind the scenes and was responsible for this award was a Commission agent of Hindustan Electro Graphite. He did not belong to the Department. As a result of this corrupt practice, the Durgapur Graphite India Ltd., which is situated by the side of Durgapur ASP did not get this contract but a party from Bhopal was awarded this contract. This is a matter for serious concern. The Durgapur concern was deprived of this contract in this way. The West Bengal Govt. was also deprived of Sales Tax and other taxes. Therefore, I demand a CBI enquiry in the whole incident. A deep conspiracy is involved in this. This must be thoroughly investigated. For want of this order, the Durgapur Graphite Ltd. will wither away. In this way many concerns in West Bengal have withered away for want of orders. Sir, I will mention about one or two things more and conclude my speech. About mining industry you know that our country has abundant stocks of various minerals like, zinc, mica, bauxite, dolomite, aluminium, etc. But our Govt. do not have any projects or plans for the development of the mining industry. I will mention about BALCO, Bidhan Bag unit, Jakaynagar. In 1973 lock out was declared in this unit. In 1978 this was taken over. In 1984 this was taken over. In 1984 this factory was rationalised. It was assured that it will be modernised. The assurances given at the time of nationalisation has not been fulfilled. Even now the major unit of this plant is closed. Out of 2500 workers only 1100 workers are at present working. In this connection our leader Shri Basudev Acharia alongwith Haradhan Nayak and many labour leaders have repeatedly met Shri Vasant Sathe, Shri K.C. Pant, Smt.

Ramdulari Sinha etc. They had given repeated assurances, but nothing has been done. Not a single penny has been paid. I congratulate the hon. Minister, he has assured that he will visit the factory and see what can be done. I thank him for this. Sir, even today the major unit of the plant viz. Metal aluminium is lying closed. Immediate action should be taken to revive it. In the interest of the workers I am drawing your attention to this. Lastly, I will draw your attention to one incident. The management of Hindustan Copper is adopting a vindictive attitude towards the workers. An incident took place at Malachkand Copper Project in Madhya Pradesh. In March last when a strike was going on there, the police shot dead two workers under directions from the management. No enquiry has been made till this date in that incident and the guilty have not been punished. I draw the attention of the hon. Minister to this incident and request him to find out what was the real cause of the incident, who were the people guilty? This must be thoroughly investigated and the culprits be punished.

In the end I will say that the hon. Minister for Steel is personally very active and enthusiastic. But I have seen that during the last three years 3 Ministers have come and gone in this Ministry. There have been frequent changes of portfolio. First there was Shri Vasant Sathe, then Shri K. C. Pant took over. After that Shri Sathe again came back in this Ministry. This was like a musical chair. At present Shri Fotedar is in charge. I do not know when he again will leave this Ministry. Now Steel is a vital and basic industry of the country. If there is not a permanent Minister to control its working, what will happen? What can a Minister do in this vital sector unless he stays there for a sufficient length of time. Therefore, I urge upon the Govt. to give due importance to this basic industry and to see that our country becomes self sufficient and self-reliant in the matter of steel. Our policies must be oriented to that direction. The import oriented industrial policy must be abandoned. We have no hope of survival

[Shri Purnachandra Malik]

unless this is done. With that Sir, I conclude my speech.

[English]

SHRI GOPESHWAR (Jamshedpur): Mr. Deputy Speaker, Sir, I would like to support what my respected colleague Bhagat Ji said. It is a new thing that the steel policy has taken some positive shape. The planning and the implementation are nearer to each other. But it has also to be seen that we require a lot of improvement, we require a lot of expansion and there is a vast scope. It is correct that we have not that much of money to invest and, therefore, we should not hesitate to have collaborations, wherever those collaborations possible are in the interest of our industry and our country.

The most important development is the memorandum of understanding. Steel industry was the first to have this experiment of the memorandum of understanding with the Government in the management of a public sector unit, and now it has been followed by some others. This memorandum of understanding only with the Government or between the Government and the management is incomplete. There should be a memorandum of understanding with the State Government where the unit is placed. There should be a memorandum of understanding with the unions of the respective units and, similarly, with the political parties also because where there is a question of thousands of crores of rupees as investment and where there is the question of projected planning, on time, on cost, these are very very important features, and this cannot be done unless there is a proper understanding with everyone of them. This is a must in the steel industry where we have a very high potential. It should be mentioned here that unless we have got this type of understanding, it will be very difficult to make progress. But I would like to say one thing more. When there is a memorandum of understanding between the management and the Government, what is

the management? All these Boards are consisting only of representatives of the Government or the representatives of the management. This is not according to the Articles of Association of the respective units. There is a provision of social workers and of other sections of society, but probably, only the managing directors of the steel plant, or any other plant, or any other public sector units, and the representatives of the Ministry concerned, constitute the Board.

So, what is the understanding? This understanding is between the same person who is sitting here and there. It should not be a sort of Memorandum of misunderstanding ultimately. There should be a proper functioning of the Board with representation of all concerned. I would further suggest to the Steel Industry which is the largest industry in the country that one Board should be at each plant level, whether it is Durgapur Steel Plant or Bhilai Steel Plant or any other plant. Thousands of crores of rupees are involved and making one person in charge or responsible is not rationale and that is not proper in economic planning. There should be plant boards which will ultimately be taken care of by the Central Board. We have to have a perspective planning upto 2000 AD and in that context, we should know that it is a question of import every year of more than a million tonnes. Now, for this, there should be a target fixed as to how we can remove and how much we can improve. Steel is a barometer of economic situation in the country and the consumption of steel shows that we have not progressed to the extent we can. Therefore, it is necessary that we have to fix targets.

Even in the TISCO, there should be a plan of development. It has done well. It should be given all encouragement. We should develop ancillary industries, everywhere steel is produced.

Sir, I am surprised that my friend has said that we are going to multi-nationals: We are not going to multi-nationals. We are going in for a practical proposition. I was associated when these things were

considered and the Soviet Union was also considered. It is not that it was not considered and I think we have wasted time for 5 or 6 years merely in finding out who will help us. Everyone said that IISCO is a lost case. We persisted in our attempt for expansion of IISCO in the Seventh Plan. But there was not much progress for the IISCO. Now, there is a project and that project should be through on time, that project must not have any problem of manpower, planning or so. There is no question of retrenchment and there is no question of losing job by any employee. Then, at the same time, the cost factor is also there. Prices, if they are helpful to the nation, will be helpful to everyone. Therefore, I strongly support that the Japanese collaboration with IISCO should be gone through as early as possible.

Now, in regard to the question of cost of steel, I would like to mention that this point has been raised by many hon. Members. I would suggest to have an enquiry into the working of the steel industry. The Government's cost is the biggest in the steel industry. The cost of administration, the cost of excise, this and that are all there. But the labour cost is the lowest and the labour cost as percentage of total unit has not increased. It has been stabilised or rather it has gone down. Why should they speak on price alone? Why they do not concede on one good feature that construction of Vizag Steel is on time and the whole construction is going on time. If the water supply system comes up, it would be very helpful. I would request the hon. Minister to take over the VISL steel Plan. This is the first plant started in the country in the name of late Sir Visveswaraya, who was the father of industrial movement in the country and, therefore, it should not die. It must be given all help. The question is supply of power. I should say that the power which was supplied to this unit by the Karnataka State should continue and there will be no problem. But in any case the VISL should not be left out.

The other aspect is the industrial relation. I am sorry to say that in the report there is a mention of industrial

relation in each and every unit. But it has not been properly mentioned. Sir, regarding Steel Authority, I may mention that steel industry has the honour of having the first bipartite national level negotiation through collective bargaining. Now, whether it is in BHEL or in Coal industry, or anywhere else, I would like to point out that the collective bargaining system was first founded by the Steel industry and it has worked well.

In the steel industry the man hours lost are the lowest in last 20 years. We have our agreement, the management has agreed that the effect of this agreement will be from 1st September 1986, which is the date for our agreement. There is no problem on that. The question of interim relief has come in between and it has created a problem here like other public sector units, but I am confident that the wage negotiations will come up.

I would suggest that since there is such a huge investment and the public sector being the major sector, the appropriate authority for steel industry should be the Government of India, not the States, because the Government of India is the sole owner of the steel plants.

The manpower policy has to be looked into. The manpower planning and the employment prospects have to be properly gone into and that matter should receive the attention of the Minister.

The social obligations of the steel industry, the community development, the programmes of taking care of community areas require a lot of thinking. I am very sorry to say that the steel industry has not done as much as they could have done possibly.

About the question of contract labour, it is necessary that there should be a Committee to inquire into the working of the contract labour in the steel industry, in mines and all the other industries because the contract labour has become a sort of a regular feature and therefore, it is a serious matter.

[Shri Gopeshwar]

Now, I would like to say something about mini steel plants. If you see the figures, the total production is 12.5 million tonnes, out of which the production of major steel plants is 7.24 million tonnes. And after that, the production is 3 million tonnes from the mini steel plants where the investment per tonne is the lowest and it has a very high potential. At least ten mini steel plants are going ahead with modernisation. A lot of encouragement has to be given to them. From the Soviet Union there is a vast scope for import of scrap. There should be some consideration of that. The other aspect is that some interested persons are taking advantage of scrap rate concessions. There should be one uniform excise duty and all types of melting scrap should have uniform custom duty. The total sale of local scrap to mini steel plants is Rs. 385 crores and the total turnover is about Rs. 2100 crores. Therefore, if there is some excise duty concession and if all types of melting scrap are subjected to 25 per cent customs duty, it will help the development of mini steel plants. A task plan should be set up for the mini steel plants.

In the mines and in other areas I am very happy to see the Report, and find that there is a survey of major industries like aluminium, copper and zinc, and there is a sort of indication of planning particularly in aluminium industry. BALCO is very good, it has come up to proper expectations and we should encourage, although we know that power is a big factor. But still we require to give proper attention to aluminium.

About copper I would say that there is a fashion in the public sector that we ignore what it is and take care of what it should be. Somewhere new plants are set up because there is scope for more considerations, but the old plants never get proper attention. This is my grievance. The Hindustan Copper units of Moubhandar and mines at Mosavani in my constituency can do much better than what they are expected. But they are not taken care of and are not given proper attention.

In the case of zinc and other mines, we have the same position. For example, in Birmitrapur dolomite mines there are 8000 workers and they are starving because orders from the steel plants are not adequate. It is very necessary that since those units are profitable ones, they should be given all types of encouragement. The other element is refractories. Refractory should not be taken as an equipment but as an input. MODVAT on refractory is technically wrong. That is an important element in the steel industry.

We have to have a proper planning of the steel industry so that by 2000 A.D., we should have not 20 millions but at least 80 millions. We have had so many practices and so many experiments and I think, we can do that. We have got a Minister who understands things. I do not say, others were not understanding. But there is some higher level of understanding with him. I should feel that he should take an initiative of going for all aspects of planning, in the case of steel, in the case of mines and in iron ore. We have got one trillion tonnes of iron ore deposits. We have got the best iron ore in the world. It should not be in the context of only exporting because exporting your own raw materials means exporting your own future. It should be developed so that it can help us in our own case.

I thank you for giving me the time, I support the Demands for Grants and I support the Minister.

SHRI R. L. BHATIA (Amritsar): Mr. Deputy-Speaker, Sir, I rise to support the Demands for Grants of the Ministry of Steel and Mines. Pandit Jawaharlal Nehru, the father of this nation envisaged industrialisation of India and steel was uppermost in his mind because of the fact that we have sufficient quantities of iron ore and other materials and India has a prominent place where we developed this industry. Steel availability is the key factor in the industrialisation of the country. That is why, emphasis was made on steel production in the country. As you know, India is endowed with rich iron ore, which is more than 17 1/2 billion tonnes of

reserve. Similarly, we have 113 million tonnes of manganese ore as well as chromite. When these ores available to us, it is but natural that in India we could have produced more steel and set up many factories.

It is gratifying to note that last year, in spite of many impediments, the Ministry of Steel and Mines have been able to produce more steel. There have been difficulties of finances, difficulties of infrastructure and other difficulties also, sometime strike and all that. But in spite of that, there has been an improvement in the production which is very gratifying. There are 5 integrated steel plants which have produced 4.63 million tonnes of steel from April to December, 1987 as compared to 4.31 million tonnes during the last corresponding year. That is, there is approximately about 8% increase, which is very gratifying. Apart from our steel plants, the mini steel plants have played a very important role. Out of 196 mini steel plants for which licences have been granted, about 163 are working and they are producing something like 13% of our total production, which is very encouraging. These mini plants have been able to produce steel at a cheaper rate as well as they require a low investment only. It is more employment-oriented. Therefore, I will request the Minister that for the future production, which he is envisaging, as the demand is increasing, we are bound to produce more steel and he must have encouraged the mini steel plants because this is a small investment and it can produce more steel.

**14.00 hrs.**

We are surprised to see that India's cost of production of steel is the highest in the world. A small country like Luxembourg or South Korea is producing cheapest steel. Japan also is producing cheapest steel. We are also surprised to see that, Japan is importing iron-ore from India and they are producing steel and competing with us in the world market at a cheaper price at which they are selling and we have to go into these factors as to way and how Japan can produce cheaper steel while we are importing all these things from abroad. I

understand that Japan has a very big plant because big production always reduces the cost and secondly they are having a very advanced research and with their science and technology, they have improved the quality also. Once an exporter was telling me that he could not sell our steel outside because our steel was heavy and Japan produces lighter and stronger steel and, therefore, we must look into this matter.

Secondly, we have also seen that India is consuming about 10-15 KG of manganese ore and Japan is only consuming 3 KG. We shall have to go into this as to why there is so much difference between the cost of production and how they are producing better quality of steel.

If we want to improve our quality of steel, if we want to increase our capacity, there are three factors which we have to go into. First is our increase in capacity. If we want to increase our capacity, we will have to see that we raise the capacity of our steel plants. At present the capacity of our Plants is between 70-80% while in other countries, it goes around 90 to 100%. So, first of all, we must look into the cases why we have a lower capacity. I understand that a Committee was appointed by the Minister of Steel under the Chairmanship of Mr. Kapoor of Guest Keen Williams Company to go into the matter and I think their recommendations are available to the Government. I do not know whether those recommendations have been accepted and implemented. I request the hon. Minister kindly to guide us as to what happened to that report of the Experts Committee.

Our Prime Minister has recently visited Japan and I understand that Japanese firms have shown keen interest to invest in India and to collaborate with us. It is a very good opportunity. Our Minister of Steel must go into the matter and since the Japanese are one of the leaders in the world so far as steel industry is concerned, if we get collaboration as well as investment in India, we can get returns.

Secondly, our problem is that of quality. The quality of steel that we are producing

[Shri R.L. Bhatia]

is not very good quality or at least competitive in the world market. The quality of steel of Sweden, West Germany, Japan and other countries is far better. We have a technology pattern which we are developing and if we seek foreign technology also, it will be helpful to us. We can collaborate with them so that we produce better quality of steel because our country is endowed with iron-ore, coal, chromate and ferro-calcite and there is no reason why we should not become leaders in the production of steel as well as competing in the world market.

14.05 hrs.

[SHRI SOMNATH RATH *in the Chair*]

The third point I would like to say is about reduction in cost of production. With all these ores available to us, we must reduce our cost of production. If we want to trade in the world market, if we want to compete in the world market, if we want to encourage our exports and earn foreign exchange, it is imperative that we reduce our cost of production. We find that the present state of demand of steel is increasing while our production is not up to the mark. There is a gap. That is why you are importing steel from outside. I would like to say that the distribution system should be streamlined so that all the industries get adequate supply of their requirement of steel, especially the small-scale sector which suffers in such a situation. I would, therefore, request that the distribution system should be streamlined to enable all the industries and especially the priority industries and the small-scale industries to be catered by this.

Many a time, a question has been raised as to whether we need the office of the Steel Controller. This office was set up quite sometime back when we used to import steel and during the British days, this system was started. But now, as we see that our cost is very high because we are having so many offices, kindly, see to it if it is possible to stop these offices and

have a direct supply system from the Plants to the consumers. It will reduce your cost and also save the time of the industry to get their raw-materials. For this, it is necessary that you should have more steel to meet the demand of the people to fill the gap between the demand and supply. It is imperative that you must have a comprehensive steel policy. Taking into consideration our resources, taking into consideration the infrastructure, taking into consideration the finances available and also the cost factor. If we have a comprehensive policy, I think we will be in a position to have more steel to cater to the needs of the people.

Sir, the Minister of Steel and Mines has taken the responsibility recently. We are very happy that within a short period of time, he has been able to increase the production. It is because of his ability and because of his commitment and I am sure that he will take into consideration all the suggestions made by me so that we can have increased production and we can have a low-cost production and we can cater to the needs of the section of our society.

SHRI NARAYAN CHOUBEY (Midnapore): Sir, before I go to make a few concrete points, I would like to make a few general observations. It is a matter of concern that many advanced countries are producing steel at a price much less than that of ours although they are importing ore from our country. I would like to cite the example of Japan in this connection. It is a matter of concern that our productivity is not as much the productivity as of other advanced countries. All these things should be very thoroughly probed. At the same time, the panacea and the medicine for all the evils should not be found only in privatisation. I think, a balanced outlook should be taken by the Government in this regard.

Sir, ours is a vast ore-producing country. Unemployment problem in this country is colossal. So, whatever steps we take, we have to come out of this vicious circle. If you do not produce more, you can never fight unemployment problem. At the same

time, in the name of production, if the Government bring down the number of labourers, it will create unemployment problem. So, this is a vicious problem. The Government must come out with some solution so that we can compete with other countries; we can produce more and at the same time we can gradually bring down our unemployment problem. Otherwise, by only tilting to one side of the problem, we shall be doing no service to the problem.

Actually, our production, as Comrade Purna Chandra Malik has pointed out, as compared to Japan or Korea or U.K. or USA or USSR or China is very much less. Of course, we have to import technology. I do not question this because we cannot go on spending more and more and producing less and less, costing more and more and competing less and less, and distributing still less. Naturally we cannot just go on with this. It is impossible to go on like this. We import technology at the present time from advanced countries. But the advanced countries generally part only with their obsolete technology. It is very good for our country but not at all good for their country. So, for the present time, I also agree, we have to import this, but what I wish to stress is this. The scientists and engineers of this country of ours, that is, India, are running the huge industries of the USA even; they are doing a lot of service in the R & D in foreign countries. What have we been able to do to make use of our scientists and engineers to develop our indigenous technology? You may say that technology knows no barriers. Sometimes we import; sometimes they import. But actually we are only importing, we never export. And whatever we are importing, in our opinion, is not at all a first rate technology of any advanced country. How do the Government of India, in the matter of steel, want to solve the problem, that is my question.

The production is less. The per capita consumption of steel is less, the labour productivity also, as compared to Japan or Korea, is not at all good; it is sliding...

SHRI R. L. BHATIA: There you can help to improve it.

SHRI NARAYAN CHOUBEY: Provided you accept the trade union which can come by vote, by ballot. You will never accept that.

Even in such a situation, some advancement, you have made, but not as you are tom-toming -- that everything has been done. Nothing of that sort. Even today you are importing steel; you are importing special quality of steel and gradually that is going up. And you have been very much affirmative in stating that it will go on upto the year 2,000. I would like him to answer why they are importing more and more steel. Special steel is being imported. I hope, the hon. Minister will look into it. Is the panacea for all ills only privatisation? I see Anandbabu laughing. He is my friend...

THE MINISTER OF STEEL AND MINES (SHRI M. L. FOTEDAR): I am also your friend; I am not your enemy.

SHRI NARAYAN CHOUBEY: But he is more friendly. Both of us were in the West Bengal Assembly.

You have increased the administered price of steel. You have been making losses; you are not making sufficient gains. But the Jamshedpur Tata Company was not making losses; they were making gains. So, by increasing the administered price of steel, you have been, knowingly or unknowingly, wittingly or unwittingly, helping the Jamshedpur Tata Company to earn more. You are not allowing Jamshedpur to earn more, with the result Bhillai loses, Rourkela loses, Durgapur loses, Bokaro loses. But Tata Company will be allowed to make more gains and Tata company is a monopoly house in this country. Knowingly or unknowingly, you are helping the monopoly houses.

SHRI R. L. BHATIA: What is the percentage of Tata's production?

SHRI NARAYAN CHOUBEY: Their production capacity is much more than



[Shri Narayan Choubey]

ours. I think, our Rourkela is the best with 87 per cent. Then follows Bhilai. Durgapur has also made up to some extent. But Tata is 95 per cent or so. Their productivity is double than that of ours. They are increasing the production. Anyhow, they are not making any losses. Now by administering prices, you are allowing it to make more profit. What I beg to submit is that a tilt towards privatisation is being adopted not only in this area but also in other sectors.

Pandit Jawaharlal Nehru's Industrial Policy Resolution of 1956 has been given a good bye. We Indians, particularly the Brahmins are very good people. (Interruptions)

SHRI M. L. FOTEDAR: All of us are Indians.

SHRI NARAYAN CHOUBEY:

*Buddham sharanam gachhami  
Dharmam sharanam gachhami  
Sangham sharanam gachhami*

Buddist religion was an Indian religion. It flourished. Then came Brahmins. They fought Buddhism. They drove out Buddhism from India. But *Buddha Deva* was made *navam awtara*. By driving out Buddhism from India, we kept the ideals of Buddha. Similarly... (Interruptions)

PROF. MADHU DANDAVATE (Rajapur): But which religion produced more steel?

SHRI NARAYAN CHOUBEY: I think the capitalist religion. Even today, you say that public sectors will be reaching the commanding heights, that will be making more and more controls. You go on repeating these *Mantras* and *Tantras*. But you go more towards privatisation.

SHRI R. L. BHATIA: So far, you have been talking about ideology. Now you come to suggestions. (Interruptions)

SHRI NARAYAN CHOUBEY: Just now Burnpur was built. Burnpur had gone

obsolete. Attempts have been made by the Government of India to see that Burnpur is modernised. I beg to submit that a balance should be made because this is India and not Soviet Union. We have enormous problems. We want to increase production. At the same time, we want to see that our unemployment problem doesn't grow. Japan has given a plan by which Japan wants to say that a large number of people have to be retrained. All these ten years, they have opposed it including the INTUC. I don't say that the Soviet Union doesn't suit us. But we have to see which technology suits our Indian cause, be it from Soviet Union, be it from Japan or be it from USA. It must serve the Indian cause and the Indian cause means the working class also.

I think, Burnpur is running at a loss. Although Burnpur is running at a loss, I am told the CMG of Burnpur has got a plane costing Rs. 3 crores. Do you know it? Will you please look at it?

[Translation]

The plant has been incurring losses after losses. Then, how far it is justified to fly in plane?

[English]

Will you please look at it?

Then HSCL is a big problem. This company was formed in the early 60s when you were thinking of producing one steel plant every three years or five years or ten years. They are getting their payment sitting idle and not having any job. Why don't you make use of them in some other activity?

One conveyor belt is going to be made from Mahamaya Manual Mines to Rajhora Mechanical Mines. This conveyor belt work has been handed over to some private contractor. Why not these HSCL workers who are sitting idle at Bokaro be made use of for this purpose? Why should you give it to private contractors?

At Amarkantak in MP, the Hindalco

Bauxite Mine has been closed down. One problem is there. No doubt, we want to keep our forest and environment safe. But at some times the Environment Department also creates problems. Will you kindly look into this matter? I would like to know whether there 300 workers have been retrenched and the 20 year old mine is being closed down. It is in MP. The authorities have agreed to compensate the losses of deforestation. They want even to plant forest; then what is the harm?

The Baradua Dolomite Mine of Rourkela in MP has been closed down for four years. It was in the public sector and the workers were mostly tribals. Although it was a public sector mine, it was run by contractors. The workers wanted departmentalisation as per the Government of India rules. No sooner they wanted departmentalisation, the management said that the women tribal workers must go. Naturally there was hallabaloo and it has been closed down. Five thousand workers are involved. Will you kindly look into this matter?

In Bhilai I am told that at present the authorities are bringing down the privileges in the matter of medical assistance. Some 176 items on order medicines which were supplied by the Department to hospitals have been stopped. Doctors don't make prescriptions. Is it the only way to save money by depriving the workers of the life saving drugs? This is happening in SAIL.

The Aridogri mines in Bhilai Steel Plant at Bastar in MP is closed down for ten years. Now it is handed over to one private contractor Pokraj Jain. In Kotmisonar Dolomite Project of NMDC in MP, thousands of rupees have been invested; but it is not being used.

I beg to submit to the Hon. Minister to kindly make a study. We are neither in an advance socialist state nor are we in an advanced capitalist state; we are a developing country. We have our own problems. We just cannot afford not to import the technology; nor can we afford to bring all the new technology. In such a

situation please try to have a balanced outlook and try to see that our production increases. At the same time please try to see that privatisation does not become the only watch word.

With these words I would say that he should look into all these problems.

SHRI ANANDA GOPAL MUKHOPADHYAY (Asansol): Mr. Chairman, at the very outset, I must thank you for giving me the opportunity to address the empty benches. I rise to support the Budget placed by hon. Minister. As I observe, the performance of the steel plants, in general, in 1987-88, is fairly good. If we look at all the production figures compared to its rated capacity, it is like this: Bhilai Steel Plant 77 per cent; Durgapur Steel Plant 65 per cent; Rourkela Steel Plant 89 per cent; Bokaro Steel Plant 75 per cent; and IISCO 65 per cent.

If it is compared with the targets fixed up, Bhilai Steel Plant achievement is 83 per cent. DSP 100 per cent, Rourkela Steel Plant 76 per cent, Bokaro Steel Plant 87 per cent; IISCO 73 per cent. If you examine the balance-sheet, the profit for 1986-87 is Rs. 52.81 crores compared to Rs. 159 crores in 1985-86.

All my friends have agreed on one point that steel is very vital in the economy of the nation. We have tried to project the production of different countries in the world vis-a-vis our country. We find that our per capita consumption of steel is much lower. It is an admitted fact that it is lower. The economy of our country has not reached that position so that the consumption of steel can be increased.

This is a matter of vital policy of the country. If you go through the planning process of country - I may be wrong in my observation - you will see that there was a balance in development of agriculture vis-a-vis the development of industry. Had it been possible for India not to go for giving production of agriculture the highest priority or to construct the river valley projects for irrigation, India also could go for that. After Independence, not only for

[Shri Ananda Gopal Mukhopadhyay]

one or two years, but for years together, we were short of food. We had famine in cyclical order. So, if the priority is laid to provide food to the people, there is nothing wrong in this manner.

Our friends probably do not take care of these points. It reminds me of the situation of the country after Independence. When our great leader Pandit Jawaharlal Nehru was planning for development of the country, and adopted the planning structure from the Socialist countries, throughout the country, there was a criticism. What was the observation of the Press and my political friends outside? It was that in Indian democratic condition, the socialist way of planning will not be successful. That has been proved wrong in our country. Our great leaders like Pandit Jawaharlal Nehru, Dr. B. C. Roy and Mr. Kairon have adopted the planning, they adopted the Soviet system and it has been established in our country that planning has been possible in a democratic set up. Why do I place this point at this moment? India has to go through the process of development, out of the wretched economic condition of the country. Our friends forgot about that. Our friends think that why can't we just do as Soviet Russia or China has done. May I ask my friends that which is the country in the world which has been ruled by foreign powers for 2000 years? Can they give an account of it? They are comparing it. We had to face a serious trouble, i.e., the whole country. We can just say like this.

It has been emptied by the foreign rulers. Now the process of planning has started. And regarding the process of planning particularly in the public sector and especially in steel, we must appreciate that it is an achievement. A stage came when in our country, we wanted to produce steel to meet the requirements of our country, we could not choose the technology. Whoever came forward whether the German people in Rourkela or Russian people in Bhilai or the British in Durgapur we had to adopt it. No country in the world will give you the latest

technology. If I can say, at that time, the beggar cannot be the chooser. It is probably right thing that we have to adopt such technologies as at the Durgapur plant, it was absolutely obsolete at that time. We had to accept it. There was no alternative. Who shall give us the latest technology in the world? With the growth of these plants, we had the opportunity to gradually go for revamping these plants. It has been done in some cases but not in all plants. As a result, a period has come when these plants had to be modernised and the cost of modernisation sometimes is much more than the cost of establishment of new plant. We are trying to do the best. We are trying to get the best technology from different parts of the world. My friend, Mr. Malik was passing a sarcastic remark as to why should you go to Japan for technology. Which is the country we should go in for? May I ask my friend? Who has come forward to help India with the latest technology? Do my friends know that for modernisation of the plants, we were talking with different countries in the world. And ultimately it has been found suitable from technological point of view, from their approach point of view. For their friendly relations with us, yes, the modernisation of Bumpur so far one could learn from the Press the consortium of steel plants in Japan has agreed to accept it. If they do it, it will be a good job. There is no doubt about it that Japan has got the last word of technology in steel, the small country with bits, the United States, Soviet Russia and others also have the same position in technology. What is wrong in accepting latest technology, if we get it from them; if they come forward for cooperation?

Sir, I must thank the Hon. Minister for taking up the cause of revamping of the plants and modernisation of the plants very seriously. Why I say more seriously because the talk of modernisation is going on in our country since 1972. Yes, we have been able to update the technology and at the same time the capacity of the plants in Bhilai, in Bokaro, in Rourkela and other plants as also the alloy steel ones. But questions of other steel plants have been taken up very seriously.

Sir, sometimes words go on between the Planning Commission and the Department and again the files come back. Again it goes and thus the colossal delay is made.

Our own Minister, Shri Fatedar, can realise it. I am not pleasing him. I may have reasons to accuse him for other matters but this matter which he has taken up very seriously. As a result it is progressing very fast in matters of modernisation of the plants. Sir, the country needs more steel. Modernisation is essential. Efficiency of the plants must increase. The cost of production must be reduced and at the same time the man-power planning has also started.

I have got difference in point of view when we are going to project the production of steel upto 2000 A.D. We should be very careful about the man-power planning. But, Sir, my caution is we may take technology from Japan or any other country which suit our conditions but you cannot adopt the same principle of man-power planning as they do. I know the Steel Authority of India is cautious about it. Our Government is also cautious about it because any Government in the Country has got its political commitment or social objectives. The political commitment is to provide employment to the unemployed persons. In its planning it cannot adopt the principle of getting production higher, productivity highest by reducing the man-power or by utilising the automation. This is a question very fundamental to the vitals of the nation. This aspect is very carefully examined by our Government and I know how to meet that situation the training facilities have already been started. More efficient working is necessary and more trained man-power is necessary. The process has already started. Had I got some more opportunity to discuss all this in detail, I would have been happy. I am one who has got the greatest privilege of being associated with this steel industry right from its beginning after Independence. I support this Budget very happily and with high hopes. I just want to give one piece of information to my friends on the other

side, Shri Narayan Choubey my old friend and Shri Purna Chandra Malik that West Bengal is having the highest investment in steel compared to other States in the country.

With these words, I support the grants.

SHRI H. M. PATEL (Sabarkantha): I listened with great interest to the hon. Member who has just concluded his speech. Upto a certain point, he spoke very eloquently and very correctly. He wanted the latest technology and he made an eloquent excuse to explain away why we had previously accepted outdated technology. Now, he congratulated the Ministry for going in for the latest technology, but having said that, he falters! He has also emphasised productivity as being of the greatest importance. But then he proceeded to say that employment factor is of vital importance to this country and there should be no reduction. And these are two contradictory things. It is no use talking about productivity and maximising productivity and then saying that employment must not be affected. There must be no retrenchment, no sacking of people, and yet, you want efficiency - efficiency in production. This is a difficult problem that faces us all the time. In planning you must take account of that, but only upto to a point. If you are not able to find a solution, you cannot possibly achieve the degree of efficiency in production that is essential.

Having invested thousands of crores in steel industry, in mine industry and so on, this Ministry suffers heavy losses. The Ministry is concerned only with the public sector enterprises. Both in regard to steel industry and mines and mineral industries such as aluminium, etc. everywhere you lose. In the case of aluminium, for instance, the private sector enterprise - there happens to be one - can make money, but you cannot. In the case of steel, TISCO can make money, but public sector units cannot. Why is it so? You just see how many persons are employed in the public enterprises. Lakhs of people! Two lakhs and more in the steel units and

[Shri H.M. Patel]

over a lakh and odd in the mines and mineral units.

Therefore, I think the first thing which is of the utmost importance is to apply our minds to this problem. How do you propose to achieve production efficiency, as much efficiency at least as the private sector units in the country are able to achieve, whether we have got the latest technology or not? I do not think it wise on our part to run away from this problem. We must face it and we must face it squarely. You cannot have over-employment and efficiency. If you have more people than you need for doing a job, it must result in inefficiency.

Therefore, this is a problem that must be faced fairly and squarely. If you are really worried about employment, why did you forget Mahatma Gandhi? He told you, what was the right thing to do. I think my hon friends on the other side conveniently forgot that the same Jawaharlal Nehru, who wanted the heavy industries - and from a certain point of view that may have been the best decision - but who said towards the end of his life that he had gone wrong, that he had made a mistake in not adhering as closely to the thinking of Gandhiji as he should have done. It is because, he realised from experience that we have not faced the problem of employment in this country, with the result that, today there is - tremendous amount of unemployment in this country. I do not think any other country has to face to that extent, the problem of unemployment. What is more, we are not bothering about this at all. We are not concerned. It is a very important matter. Here is a Ministry which has over Rs. 20,000 crores as capital employed, which yield nothing. No return whatsoever. Can this country afford such luxury. But of course, it has to, now. These units are there. Therefore, I can only ask the Minister to see that he achieves a degree of efficiency, at least a degree of efficiency that the private sector units are able to achieve. They are making money. So, why don't you make money, also? At

least achieve that degree of efficiency. I emphasise only this point because to my mind our country is rapidly running into what people call the debt trap.

My hon. friends on the other side don't like the expression walking into a debt trap - but we are. There is no use closing our eyes to these facts. You must face facts. We are rapidly reaching a situation where this danger is a reality. The danger being there, if you face it, then may be, you will find a way of avoiding it. You pay 25 per cent of what you earn as foreign exchange or borrow as foreign exchange as interest charges on foreign debts. The internal debt has risen to the extent of 75 per cent of what you are borrowing. It means that you are virtually going to make it impossible to undertake any development schemes. Where is the money to come from? You are forced to utilise all the money that you have or can raise in servicing your debts. That is the debt trap. Quite simple. That danger has to be avoided. That danger can be avoided only if we see to it that our productivity is maximised. Whatever steps are necessary in order to achieve the maximum productivity, we should try to take them. We have to face the several problems - the most important and difficult of which is that of the large number of unemployed people. There is nothing impossible in that. It only means that we have to apply our minds to the question of finding a solution soon. The Ministry of Steel and Mines occupies a very vital and important position in the whole Government.

A large sum of money has been invested in the units that it has to look after, that it makes all those units productive and earning profits and thus help the country in avoiding the debt trap. Certain hard decisions will be necessary; they will have to be taken.

I hope the new Minister of Steel who has been congratulated for various things which he is said to have done or various things which he intends doing, will really apply his mind to this matter earnestly and seriously. I hope all those various things which he is said to be wanting to do that

he will really do those things. Unless those things are done, the sought efficiency cannot be achieved. The Memorandum of Understanding which I saw the other day, the steel industry is seeking to implement it. Some one said that the Memorandum of Understanding has no particular meaning. I agree that it has none in one sense, but it does at least emphasise what needs to be done. I am glad that something is being done in the steel units to carry it out and in some steel units have borne results, I think. For instance, the saving of energy, etc. has been quite appreciable. I would say that you are in the right direction. I hope you will persist in it and see to it that something solid is achieved.

With these words, I conclude my speech.

[Translation]

SHRI ZAINUL BASHER (Ghazipur): Mr. Chairman, Sir, I will not take much time of the House. I take this opportunity to bring to the notice of the hon. Minister through you, a problem of my constituency with the hope that the Minister would definitely find a solution thereto. I, however, support these Demands for Grants.

I want to bring to the notice of the hon. Minister an announcement made by Shri Narayan Datt Tiwari, the erstwhile Minister of Steel, five years ago to set up a Steel Fabricating Plant in Dildar Nagar in district Ghazipur of Uttar Pradesh. For that plants apart from selection of site and acquisition of land an amount of Rs. one crore had also been sanctioned for starting the work at meeting of the hon. Finance Minister the hon. Minister of Industry and the hon. Minister of Steel held in 1984, but in the meantime due to some unknown reasons the work was not started. Later on, an enquiry I was told that the Ministry of Steel after some time came to the conclusion that there was no market for the products to be manufactured in that Plant. That's why the work was abandoned.

After that I met the then hon. Minister of Steel Shri K. C. Pant, who assured me of manufacturing such a product there for

which those would be a ready demand in the market, but till date nothing has been done. I fear some officials of the Ministry of Steel are against setting up Plants in Uttar Pradesh especially in district Ghazipur. For the last several years I have been observing that a powerful lobby is working in the Finance Ministry which always tries to prevent setting up of Public Sector Units in backward areas especially Uttar Pradesh. Besides there are certain areas which I do not want to name that want to have all Public Sector Units there. Such a powerful lobby is active in the Ministry with the result that the Steel Fabricating Unit did not come up in Uttar Pradesh. So what are the reasons for setting up that Plant at a different site despite prior approval? I would like to request the hon. Minister through you to look into the matter as to why injustice has been done to Uttar Pradesh especially to my constituency. The hon. Minister of Steel has also been elected from Uttar Pradesh to this august House. I request him to pay special attention to this matter so that the work on setting up the Dildar Nagar Steel Fabricating Unit could be started soon. I want to draw the attention of the hon. Minister to one more thing that an amount of Rs. one crore has already been sanctioned for that Plant. The work should, therefore, be started soon there.

I want to say only this much.

[English]

DR. A. KALANIDHI (Madras Central): Mr. Chairman, I would like to express my thanks to you for having permitted me to participate in the debate on the Demands for Grants under the control of the Ministry of Steel and Mines.

I would say a few words about the Indian Iron and Steel Company, Burnpur, which was taken over in the year 1972 by the Union Government because of sickness. But the story remains the same and the sickness continues and no proper action has been taken to improvise the unit even after the experts have given their opinion to modernise it so that it may become an economically viable unit. Till

[Dr. A. Kalanidhi]

now no action has been taken. Only a paltry amount has been allowed in the Seventh Five Year Plan, for improving the coke oven.

So also for the Vijayanagaram steel plant in Karnataka, though the foundation was laid by the late lamented leader, Shrimati Indira Gandhi in the year 1973, you have not taken the initiative to improve the Vijayanagaram steel plant also.

14.58 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

Minerals like iron, copper, manganese, bauxite, aluminium are available in plenty in our country. But you do not have clear plans and proposals to explore them so that you can have more of these and you can avoid imports and you can save more of foreign exchange and also at the same time you can give more opportunities for many people who are not having jobs in this country.

Our country produces nearly 40 million tonnes of iron ore out of which 22 million tonnes is exported. The iron ore produced in our country is of super grade quality. If you try to utilise the maximum amount of the ore that is available in the country, I think then we will become self-sufficient in steel industry and we will be able to save the foreign exchange and our steel industry also can flourish and can provide more jobs.

India's per capita production is only 15 Kg and that of USSR is 200. China is able to produce 90 million tonnes of steel, whereas India is able to produce only 22 million tonnes. This is mainly due to the bungling in our economic and industrial policies. Before any mining work is undertaken in a particular area development activity should be taken up so that people in the local area do not suffer and opportunities open to them to get jobs on a priority basis.

About the granite stone, they are

available in plenty in Tamil Nadu which has got great value - more than gold perhaps - and there is a great demand and abnormal demand for the granite stone from Japan.

15.00 hrs.

Unfortunately, the then Tamil Nadu Government banned the private people to excavate the granite stones, with the result, they were forced to go from Tamil Nadu to other States. If you lift the ban and give subsidy for this granite industry, I think this industry will flourish and we can earn a sizeable amount of foreign exchange and provide jobs to thousands of people.

When Dr. M. Karunanidhi was the Chief Minister of Tamil Nadu, he was able to get the Salem Steel Project cleared after a battle with the late Prime Minister Smt. Indira Gandhi. At one stage, he refused to accept the Five Year Plan proposal unless and until the Salem Steel Plant was included. That made Smt. Indira Gandhi to accept and finally to include the Salem Steel Plant in the Five Year Plan, and she came to Salem and laid the foundation stone. but, the sad story remains the same. The Salem Steel Plant has been converted into Steel Rolling Plant. A lot of people from other States are working there and the local people have been denied the opportunity. Then, you have not taken any steps to expand the Salem Steel Project.

Shri Vasant Sathe, while he was in the Ministry of Steel and Mines, during the year 1986, during his reply to the debate on the floor of the House, he said that Rs. 45 crores would be invested for Salem Steel Plant Expansion Project. But, only Rs. 16.06 crores have been provided in the Seventh Plan, out of which Rs. 10 crores for on-going project; Rs. 5 crores for the replacement and renewal programmes; and Rs. 1 crore for the Township project. This means that really you are not interested in expanding the Salem Steel Project. I request the Government of India to allot Rs. 45 crores, as promised by Shri Vasant Sathe, so that the Salem Steel Plant can go on in full swing and can be expanded well. I understand that Salem Steel Plant is producing stainless steel of

high quality, which can be well utilised for producing coins, instead of importing coins, worth about, Rs. 75 crores, and thereby you can save the foreign exchange.

I also understand that the Centre is going to set up a Mint at the cost of Rs. 150 crores. If so, I request you to set up the above said Mint in and around the city of Madras, as there is no industry in the Central Madras Parliamentary Constituency, from where I represent. The Salem Steel Plant's stainless steel can be utilised for this Mint for production of coins.

I understand that gold deposits are available in plenty in the areas of Dharmapuri District. If so, the Government should constitute a Committee to find out whether it is economically viable for setting up gold fields as early as possible.

I understand that adequate amount of copper and mica are available in the North Arcot District of Tamil Nadu. If so, kindly explore the possibility and set up mines for excavating copper and mica, with the help of UNDP, so that they can be utilised for our purpose as well as for exporting. This can be taken up immediately with the help of UNDP project.

Finally a word about Neyveli Lignite Corporation. It is doing wonderfully well. I congratulate the Chairman, Staff and Employees of the Neyveli Lignite Corporation.

While Dr. Karunanidhi was the Chief Minister of Tamil Nadu, Tamil Nadu was occupying third position in the Industrial Map of India. Now during this President's Rule, it has gone to Nineteenth position. By setting up the copper and mica mines at least during this period, we will be able to come though not to third place, at least 13th or 14th place in the Industrial Map of India.

With these words, I conclude.

[Translation]

SHRI YOGESHWAR PRASAD YOGESH (Chatra): Mr. Chairman, Sir, I rise to

support the Demands for Grants of the Ministry of Steel and Mines which have been presented by the hon. Minister.

While envisaging various plans for the achievement of economic freedom in the country after achieving political freedom, the economic architect of modern India, Pandit Jawaharlal Nehru had in mind that like other countries which were able to establish an economic set up on the completion of Five Year Plans our country would achieve economic progress through the process of planning. But even after implementing many five year plans, we have not been able to establish our economic set up so far. It is because our country is not in a position to follow those practices which have been adopted by some socialist countries to achieve progress by rejecting the fundamental rights and by taking away the rights of the trade-unions. We cannot give up our democratic system. Those in opposition who allege that the country has not achieved any progress should remember that as soon as the Durgapur, Bhilai and Rourkela Steel Plants came up, we started hearing that "it would not do", "it would not do" (*Interruptions*)

Just now Shri Patil was saying something in a very matured and meticulous manner that there are contradictions, when we talk of load of employment and labour on industries on the one hand and of the productivity on the other. We do not want to go into contradictions to that extent because we will have to work in accordance with the democratic traditions keeping in view the importance of employment. Our state is a welfare State and we cannot think of profit at the cost of labourers and their employment. Mr. Chairman, Sir, we will also have our economic set up. We are marching ahead overcoming several difficulties while safeguarding the democratic traditions.

Mr. Chairman, Sir, whenever we talk of development, we are reminded of the steel plants at Rourkela, Bhilai, Bokaro, and Durgapur. Because these plants have become symbols of our progress. Although



[Shri Yogeshwar Prasad Yogesh]

there are other big factories and institutions in our country, why do we talk about these plants? It is because steel production is considered a yardstick of development in a country. The per capita production of steel in the countries like Germany, Japan, Korea and other countries speaks of the progress they have achieved. But the per capita income in our country is a sign of poverty. It indicates that we have to go a long way on the path of progress.

I would like to congratulate the hon. Minister, Shri Fotedar who has taken up the problems very seriously and is taking steps to solve these problems. It is often said that our steel is very costly as compared to the steel produced in other countries of the world. We are, therefore, not able to compete with them. When the raw material scrap and sponge iron is imported, it is quite but natural that the cost of steel production goes up and its prices are higher. The hon. Minister has taken several good steps with a view to striking a balance between the two situations and solve various problems. The Government of India has done away with the licencing procedure so far as production of sponge iron is concerned. Sponge iron is a sort of alternative. There is need to produce sponge iron in our country. The cost of steel produced in India is more, because it consumes more coaking coal at the time of production but in the production of sponge iron only non-coaking coal is used. This will help us produce more and more sponge iron in our country with the result its import and prices will automatically go down. If we go by the number of persons registered for this purpose, we could be able to produce 20 million tonne sponge iron this time. I would like to thank the hon. Minister and his Department for taking very effective steps in this direction.

There are 5 steel plants under the Steel Authority of India Ltd. Its production went up in 1985-86, but came down in 1986-87. The SAIL is sincerely engaged in making improvements in its procedure and in

implementing its scheme of modernisation. Its objective is quite clear. The capacity of present plants has not increased to the expected extent. Even then the steel plant at Vizag has raised its production. As a result the production target of hot metal and saleable iron is likely to go up by the end of this plan. It is a matter of happiness.

Mr. Chairman, Sir, the Bokaro and Bhilai Steel Plants can produce more steel. In Bokaro there was an increase of 17 % in saleable steel during 1987. Even then our production was less than our target during 1987 and we were far behind the target. Shortage of power is said to be one of the reasons for less production. Steel production is very sensitive issue and as such supply of power to steel plants must be ensured. It is not good that this important industry would suffer for want of power. The production target for the year 1988-89 has been fixed at 130.5 lakh metric tonnes whereas our production has come down to 120.06 lakh tonnes. Even then the shortage will work out to be 1 lakh tonne. We will have to make efforts to make good this shortage. It is not a big target. The Government should take it seriously and take prompt action to raise production. In this connection I would like to point out to the Government that there has been a long standing demand to raise the capacity of the Bokaro Steel Plant to 10 million tonnes. But no progress has so far been made in this regard. It has so far been able to achieve a capacity of 4.5 million tonnes only. Bokaro is the most important plant of the country. It is, therefore, necessary to pay special attention towards it.

Mr. Chairman Sir, now I would like to draw the attention of the hon. Minister towards the refractories. The refractories have got their own importance. But no remarkable progress is seen in the refractories working at present. These refractories are not working as expected. In this connection, I would like to tell the hon. Minister that the Bharat Refractories is in itself a full fledged institute. As such its chairman should be allowed to continue here. There is no need to make him

Chairman of any other concern. Besides, the Bharat refractories working under the Department has its own importance. It is being neglected. Its financial position is very weak. About three thousand workers are working here. These workers are very honest and are honestly engaged in production. But the required resources are not being generated. We want the hon. Minister to know that the Government is a shareholder in this unit. Therefore, it is essential to take a special step to strengthen its financial position. Otherwise, this factory will go on running at a huge loss.

With these words, I thank you for giving me time to speak.

SHRI HARISH RAWAT (Almora): Mr. Chairman, Sir, I have a minor submission to make. This Ministry is an important Ministry and its Budget is also substantial. Along with it, in view of the administrative capability and experience of the hon. Minister I think it will not take much time to implement such a small suggestion.

The foundation stone of the Bharat Refractories was laid in 1982 in my constituency. The then Chief Minister of the State has laid the foundation stone in the presence of the Chief Secretary and Senior officers of the Ministry of Steel and Mines. It was stated that this project would be completed by 1984. It was also stated by the then Chief Minister, Shri N.D. Tiwari very generously that a hospital and a ITI will be set up in that area. These sort of assurances were given at that time. It was also assured that the persons displaced thereby would be rehabilitated in the Terai region. But, this project got the clearance from P.I.B. in 1984, when it was supposed to be complete. By then the estimated cost had escalated. A new project had to be prepared after making necessary addition and subtractions. For this purpose an evaluation committee was set up in 1985. It was stated in the report of this Committee that magnesite available there was not of suitable quality. In 1982, the foundation stone of this project is got laid by the then Chief Minister in the presence of Ministeres and concerned officers and

subsequently, the project is got re-evaluated in 1985, then it is found that the magnesite available there is not of the required quality and it is further stated that it would perhaps enhance the cost of production and that is why that project is not going to be set up there.

Mr. Chairman, Sir, the area where this project was to be installed is a border area mostly inhabited by ex-servicemen. Three persons belonging to this area are recipients of the Vir Chakra and three have been awarded the Mahavir Chakra. The land of such people acquired for this project has been lying waste since long. Mining work was undertaken in that area after demolishing the houses of all the people causing losses of lakhs of rupees to them. The Bharat Refractories had also to spend Rs. 2 crores there.

I want to request the hon. Minister to consider this matter sympathetically because with it not only the question of those whose land has been acquired but also of all the border areas where not a single big industry exists is connected. It is connected with the feelings and aspirations of the people of those areas. Of course, it can be set up at a reduced scale but if it is said abruptly that the project cannot be implemented, it will have adverse effect. Some people have started taking advantage of this issue. In our hill areas a demand for a separate state is going on and this issue is being presented as an example to illustrate that assurances given by the Central Government and its Ministers are not being fulfilled. I was thinking as to how much loss will be suffered in implementing the scheme in this form or the other. And even if some loss has to be borned, I think the Ministry should take up this project after getting it evaluated in other form taking into consideration the lime stone, and magnesite available there.

[English]

PROF. N. G. RANGA (Guntur): Have they written to the Minister earlier?

SHRI HARISH RAWAT: Yes, it is a very very important matter for me. It is a question of life for me. How can I fail in my duty?

[Translation]

Mr. Chairman, Sir, we are importing magnesite and lime stone in large quantities from abroad. About Rs. 42 crores were spent on it last year. If some amount is taken out of it and invested in the Refractories, the Ministry will rather gain and not lose by it. Hence it is necessary to pay special attention towards this matter.

With these words I support the demands of the Ministry.

[English]

SHRI BHADRESWAR TANTI (Kaliabor): Sir, while participating in the Demands for Grants of the Ministry of Steel and Mines, I must say that the velocity of circulation of money is much bigger now than what it was in the First Five Year Plan. We are now on the verge of the Eighth Five Year Plan. No doubt the country has achieved in its development, but still, Sir, our country is lagging behind, much more lagging behind than the other developing countries of the globe.

Sir, steel and mines are the two factors for the industrialisation and economic development of the country. Many steel plants have been set up in the country and many places have been left untouched even after 40 years of Independence. Look at the North-Eastern States -- Mizoram, Manipur, Arunachal Pradesh, Assam and Sikkim and all these States. Not a single public sector industry has been set up as yet on the other hand, the Government has mastered in saying 'unity and integrity'. How can you maintain unity and integrity without the development of these States? I am very surprised. Look at the tea industries also. I would like to point out that there are about 800 tea industries in Assam. But there is a gap between the labour and industry. The people are suffering for want of food and shelter, for

want of medicine, for want of education, and 35 per cent of the people in the country are living below the poverty line, you must not ignore it, and your false promises will not do. You are a master in making false promises. I am citing some provisions of the Constitution which is a Bible to the people of the country. Look at articles 14, 15, 16, 19, 21, 23, 24, 39A, 41, 42, 43 and 43A. The day I asked one specific question pertaining to the Ministry of Industry, I found that the Minister does not know workers' participation in management. That is the present position. The Minister rose and said, 'I doubt whether there is any such provision in the Constitution.'

SHRI RAM PYARE PANIKA (Robertsganj): This is the policy of the Government.

SHRI BHADRESWAR TANTI: Yes, not to know things - that is the policy of the Government. You are very right. Protection of life and liberty - where is the protection of life and liberty of the people, those who have been engaged in the steel and public sector industries and mines? The workers have been ignored. They have not been given proper wages and other facilities in the public sector, leave alone private sector. Their future is bleak for all time to come.

After 40 years of independence, we have not given even a single public sector steel industry for Assam. I am coming from a State, particularly from Colaghat district, but not a single industry has been set up there, what to speak of public sector industry. You will definitely say that we have our own Government. Yes, there is the AGP Government. But during the last 36 years, there was the Congress Government. But nothing has been done. The provision for just and human conditions and provision for maternity relief for the workers in the public sector, private sector have been totally ignored. They have not been given the benefit to live like human beings. Last year, Parliament passed an Act, although we opposed it, the Provision of Employment of Children. You have given licence to private industrialists to engage children below 14

years of age. But the Constitution says that children should be debarred from putting them into employment. The Government is committed to give free education to the children.

We have, no doubt, achieved many things but so far as production is concerned, we have reached 12.53 million tonnes. But small countries like South Korea, Brazil and big countries like China and USSR and U.K. have produced much more than us. Why don't you take adequate steps to increase production and look to the problem with sincerity? You look to the human miseries of the workers who are engaged in the industry and fulfil your commitment made in the Constitution to the people of this country. You should provide relief to those who have been shedding their blood for building up the country, the working class.

In Assam, no doubt, oil is there. You are extracting oil and taking it to some big and powerful States where big refineries are set up. There are only two small refineries in Assam, whose total production capacity is 1.25 million tonnes. Subsequently you have taken oil to other States and set up big refineries there. Why is this discrimination made to the people of Assam. Even for Class I officers' posts in Assam, people from the State of Assam do not find any place there. So, how can you maintain the unity and integrity? The people have lost all confidence in the Central Government because of your step-motherly attitude. That is why, the people have got their own AGP Government in Assam and Telugu Desam in Andhra Pradesh. In Haryana also, there is Lok Dal Government. There is an erosion of your hold in the various States. People have lost confidence in you.

I humbly submit that the Government should take some positive steps, take the people into confidence in the interests of building the country. Then only you can do something. Otherwise you cannot. So far as the mines are concerned, there is lot of potential in Assam. But till today you have not done anything to acquire these mines and set up the industries because you do

not like the people of Assam. That is why, they have been deprived of the benefits and the country as a whole is losing in its economy. Assam is one of the States which is earning 60 % foreign exchange out of tea and the working class in Assam are not getting any benefit. Their children do not get any benefit of higher education. There are not employment opportunities at all to the people of Assam. Your promise has got no meaning to the unemployed in Assam. Their future is bleak. So they try to do something positive so that the people as a whole of the country will have faith and confidence in you and the country will progress.

Thank you very much for giving me this opportunity to participate in the Demands for Grants, of the Ministry of Steel and Mines.

[Translation]

SHRI VISHNU MODI (Ajmer): Mr. Chairman, Sir, while supporting the proposed Demands for Grants of the Ministry of Steel and Mines, I want to first thank the hon. Minister and the officers and employees of his Ministry due to whose dedication, devotion and determination a new dynamism has been lent to the Ministry and we expect that the targets which have been fixed for the coming year will be successfully reached.

I want to draw the attention of the hon. Minister to the point to which almost all the speakers who have spoken before me have drawn our attention to and about which they are unanimous that it is essential to boost the production of Steel to accelerate the development of the country, to improve the quality of steel and to reduce the cost of production. For this purpose, the Ministry of Steel and Mines has drawn up a project with a certain target which is to be achieved by the year 2000 A.D. About this project, a specialist informed me that in regard to the new Steel unit being set up at Vizag, we will have to bear Rs. 5000 per tonne as interest and depreciation cost. When on one hand we talk of modernisation and adoption of latest technologies, on the other, we have

[Shri Vishnu Modi]

to pay such huge amount in the form of interest and depreciation. If this is the price which have to be paid, then I think there must be some lacuna somewhere towards which we must pay our attention as otherwise we will go on entangling ourselves in it.

So far as the high cost of production of Steel is concerned, I have stated a number of times in this august House but perhaps it is either my misfortune or what I have stated is not true but when once hon. Shri Gadvi called a meeting of the officers and specialists of the Ministry of Steel and Mines, I and hon. Shri Vyas had an opportunity to participate in it. I want to draw the attention of the hon. Minister to the Super Zinc smelter about which I had mentioned several times in an effort to draw your attention in the Consultative Committee meetings, in this House and through letters. I had tried to draw the attention of the former Minister also from time to time to the fact that the proposed zinc smelter plant is going to prove to be a white elephant for us. It would then be said both inside and outside the House that we are spending too much and it would be our misfortune. The fact is that the technology being adopted for this zinc smelter plant is outdated. The mother technology developed in Britain is outdated. For the last 8 years no plant has been set up in the world on the basis of this technology. Yet our Government is acquiring this technology just to have British aid although apart from the British Technology, other technologies like the 'Kipsat' Russian technology, the French technology have been developed in the world. Why we are not considering them.

Regarding the plants which we are going to establish, I want to submit that it is our greatest misfortune that we are ready to compromise so far as selection of the technology, and the site are concerned. It is very simple that the mineral should be utilised wherever it is available, and its plant should also be set up there. It is not known as to why this plant now being set up at another place. The main reason

given for it is the non-availability of water in that area. In this connection, I want to draw your attention to the fact that in Udaipur where a zinc-smelter plant has been established, there is an acute shortage of water. This year, the proposed dam to be constructed in Rajasthan will not serve any purpose because in view of the scanty rainfall in the State for the last ten years, the rivers do not have adequate water and when rivers are dry, the dam will be of little use. Therefore, I want to submit that if water from the River Banas which is a perennial source, is brought it will not be very expensive. This river is not very far off from Agucha Rampur. This matter was discussed with Shri Gadhviji, in his chamber and it was decided that a committee would be constituted in this regard to have a report on it, but one full year has passed since then, but so far nothing has happened. In order to bring it on record, I want to apprise you once again and ask the hon. Minister having administrative capability to convince me if what we are saying is wrong and if what we are saying is correct then let the country and the coming generation know that the suggestion given at that time had not been accepted with the result that the plant is running at a loss and the cost being incurred on it is too much.

Since there has been a long discussion on steel, I would, therefore, like to draw the attention of the hon. Minister towards minerals which are used in industries. If attention is not given at this stage, then, our industrial growth which is going in a planned manner, would be affected very much. We shall also have to foresee what would be the position of the deposits of minerals in the next century. The I.V.M. and G.S.I. are doing remarkable work today, but I think it will be better if we collect data and prepare a comprehensive project. Otherwise, in the next century we may have to import this mineral from other countries which we think today is available in India in abundance.

I would like to draw the attention of the hon. Minister towards the limestone of Jaisalmer. I raised this question through the Consultative Committee and other

mediums and in response to that Shri Krishnamurthy the Chairman of the SAIL and others assured that it would not be imported from outside. The hon. Minister is aware that the quality of lime-stone found in Jaisalmer area is second to none in the world. So, we are unable to understand why the Ministry of Steel is going to import limestone from Japan or Dubai in spite of the fact that our States of our country are facing deficit. I am also at a loss to understand why the Ministry of Steel and Mines or the SAIL have failed to reach an agreement about the price of limestone with the State of Rajasthan. The Engineers India Ltd. have prepared a report in which they have worked out its mining cost. Keeping in view the fact that Rajasthan has been continuously facing drought for the last four years and the regions of Jaisalmer and Barmer where limestone is found, are the most drought affected areas. I, therefore, request the hon. Minister to personally intervene in the matter and see that the SAIL purchases limestone from Jaisalmer region. If the Steel authority of India and the Ministry of Steel and Mines purchase limestone from Jaisalmer, then it would help us not only in saving a large amount of foreign exchange but also in the development of these backward areas.

I want to make one more submission that in the given scenario, the environment as well as the afforestation both are necessary for our country but the backbone of any country is its mineral wealth. With the implementation of the Pollution Control Act and the Forest Conservation Act, the activities in the Mining Industry have come to standstill. Therefore, such a policy should be adopted in consultation with the Ministry of Environment and the Ministry of Forest as is helpful in removing any hurdle in the exploitation of our mineral wealth and is finding out a solution.

I am also to submit that India is a vast country and if we take some decision in haste, we will not be able to imagine the price we will have to pay for that decision.

You should consider all aspects while making amendments in the rules under the

M.R.T.P. Act on the basis of the amendment made in the Act. A committee should be formed which may find out the opinion of all the States and the people engaged in the industry with a view to removing the difficulties being faced by them.

While increasing the royalties you have also increased the ceiling of bad debts and written to the State Government about it and arrived at an understanding that the land tax and other taxes levied by the State Governments will either be reduced or done away with. But no such step has yet been taken in this regard and now the situation is that the people are forced to suffer on both sides, i.e., the royalty as well as the bad debt which have been increased. Along with this, various State Governments are going on increasing land and other taxes from which, I think the industry will have to be protected.

I not only hope but believe that as an efficient administrator, you would take personal interest in helping this industry keeping in mind all these things.

SHRI MOHD. AYUB KHAN (Jhunjhunu):  
Mr. Chairman, Sir, I rise to support the demands of the Ministry of Steel and Mines. Since the present hon. Minister has taken charge, the Department has become more active and efficient in its working and I heartily congratulate the hon. Minister for the same.

First of all, I would like to talk about the copper project in Khetri area in my constituency. This project requires 9 million Gallon water every day which is drawn from a distant place. Due to scanty rainfall all the wells of this area have become dry and a lot of pollution has taken place because of mixing of dirty water. The water of all the wells in this area has lost its natural taste.

At a distance of 13 kilometres from here, the Jawahar Lal Nehru Canal Project is situated at Haryana Border. This is a Central Government project. Why the water should not be taken from this project instead of drawing from that distant place?

[Shri Mohd. Ayub Khan]

My suggestion is that very deep wells should be dug there so that these projects may be run properly and this area may also be benefitted. The farmers of that area are very much distressed because of acute shortage of drinking water in wells due to scanty rainfall.

Secondly, an amount of Rs. One Crore has to be spend every year to run this project. It is because of the fact that we have to import the raw material required for this project from abroad. Therefore, if this material is manufactured in the Jhunjhunu District itself by installing small scale industries there, then a lot of expenditure will be saved.

In my area there is a railway line between Dabra and Singhana on which a goods train is run for this project. Not even a single passenger compartment has been attached with this train. If a passenger compartment is attached with this train then 8,000 workers working in the Khetri Project would be benefitted. I hope that you will take up this matter with the Ministry of Railways to get the needful done.

A huge amount of money is wasted by the management in the name of welfare. Through a proper supervision a lot of money can be saved. You are aware that as per the orders of our Government all welfare works are done under the programmes like N.R.E.P., R.L.E.G.P. etc. The funds made available under these projects are generally misused by the management people. I, therefore, request you to keep an eye upon such misuses.

Along with this, I am to submit even though you are satisfied with the work of Mr. Khan who is working as a Director in this project and yet he has been superseded by another person who has been promoted as a Chairman. I am at a loss to understand as to under what grounds this has been done. I would like to know why another person is appointed as Chairman? Why are deserving people superseded by their less deserving

colleagues? It is beyond me why a person who shows a good performance is not appointed Chairman. I feel that he has been subjected to injustice. I am sure that you would see that justice is done to him. Besides there are some people in Jaipur who have been working in the same post for a long time. One Mr. Chakravarty has been in the same post for the last 15-20 years. He is misusing his authority and is not working properly. The Government must keep an eye on him.

Another problem is in regard to according recognition to the Union there. In this connection, I had visited the Khetri Project along with the hon. Minister. The Members of the Union had conveyed their feelings to the hon. Minister. Without going into details, I only want to say that a decision be taken within 1-2 days keeping in mind the wishes of the members of the Union. Under the hon. Minister's supervision those people will be able to work better and cover the deficit which Khetri is suffering from.

Makrana in Rajasthan is a marble producing area. There are 35 mines in that area which have received orders to close up operations. These mines are being closed due to the existing railway line there. The closure of 35 mines has created unrest among the people of that region. 75 trucks loaded with marble leave the area everyday and 25,000 labourers are engaged in the entire operation. The income generated through this work is Rs. 10 lakhs. I suggest that the railway line of this area be shifted to some other place. I once again appeal to the Government that to run the Khetri project it should keep a close watch over the management's working. An efficient Khetri means development of a backward area like Jhunjhunu. There is no other project in Jhunjhunu except the Khetri Project. The Government must smoothen the rapport between the management and the labour of Khetri project and solicit greater co-operation of workers in the production activities. This will ensure an increase in production.

Moreover, a majority of the labour employed in the Khetri Project suffers from

T.B. All possible assistance be extended to those affected. Children of workers who have succumbed to this disease be given jobs in the Khetri Project itself. The ban on enrolment be withdrawn forthwith and while making a new recruitment the cases of the people of that area alone should be considered. Unemployment has made things worse for them. They should have a means of earning their daily bread. Lastly, I hope the decision regarding the Union will be taken soon. I am sure that under the kind patronage of the hon. Minister this decision will be taken at the earliest.

SHRI SHANTI DHARIWAL (Kota): Mr. Chairman, Sir, I rise to support the Demands for Grants of the Ministry of Steel and Mines.

Along with this, I want to submit that several small places in Rajasthan have abundant reserves of glass, zinc and copper. Till now the Government has no plans for their mining. Previously, mining in this area was reserved for the public sector but later the Government of India's mining Department decided that this work could be entrusted to the private sector also. This will not solve the problem because the private sector does not have the necessary technical know-how. This work can be done best by the Government of India's agencies. Through your good offices I request the hon. Minister to formulate a scheme to tap these reserves.

I would like to say something about the Act. The amendment made in the M.C.R. 1960, in February, 1987 has actually proved to be an obstacle in the development of mineral resources. Section 24 (a) of the Act says that there is no restriction on the leasing of mining belts on the private land. Yet Rule 9(2)(ii)(g) and 22(3)(ii)(h) provide for seeking permission from the lessor. When there is a provision for compensation, I feel that a provision for seeking the lessors permission will only be a hurdle in mining development. Those people who want to obtain licences, face difficulties in this matter. This matter needs a second look.

An amendment has been made in the M.M.R.D. Act wherein it has been made compulsory to have a mining plan before a mining Lease. This plan has to be submitted to the Indian Bureau of Mines. In the last one year perhaps not a single mining lease has been approved. Authority in this matter should be delegated to the State Government so that there is no delay in approving the mining leases.

Similarly I also request for an amendment in Schedule A. In Schedule A the State Government is responsible only for limestone which is made into limestone powder. The remaining types of limestone are the responsibility of the Central Government. The annual production of limestone in my constituency is more than 10 lakh tonnes. This limestone is used for flooring and construction purposes rather than for industrial needs. Leaseholders of that area will be most inconvenienced if they are to travel all the way to Delhi to get the paperwork done. Limestone, used as building material for construction and flooring, should be brought under the control of the State Government. There should be no interference from the Central Government. This will make it easier for mining leaseholders.

Through your good offices I request the hon. Minister to keep limestone outside the purview of schedule A. The Bundi District is part of my Lok Sabha Constituency. In the last two years not a single new sandstone mine has been approved in the Bundi district. This is because since the past two years 15 revision cases are lying with the Government of India's Department of Mines for want of clearance. Some mining leaseholders have come under Revision against the designation given by the Rajasthan Government. I request the Government to decide these cases quickly so that the remaining leaseholders can at least start giving out leases. Large amounts of sandstone are lying around over there. For this reason the distraught leaseholders are unable to send in applications for approval.

My last point relates to forest land. Cases pertaining to forest land are still



[Shri Shanti Dhariwal]

dragging on, 10 years after they have opened. When it comes to renewal of forest land with no trees, the Forest Act stands as an obstacle. The State Government says that the Central Government's approval is not required for the renewal of those tree less pits which were commissioned prior to 1980, when the Forest Act came into force. The State Government could have renewed such pits but for a Central Government Notification issued on 1-4-1987 saying that renewal of any kind on forest land would be taken up by the Central Government. A decision should be taken in this matter. This matter was referred to the Supreme Court also. In its verdict the Supreme Court said that the pits commissioned prior to 1980 may be renewed by the State Government. Some sort of a decision should be arrived at. Otherwise who will take up the renewal of pits existing in forest land before the Act came into force? Will the Central Government be responsible for everything? Some things should be dealt with at the level of States also so that lease-holders are not put to trouble.

I hope that under the able leadership of the hon. Minister all problems coming under this Department will be solved.

[English]

SHRI V. S. KRISHNA IYER (Bangalore South): Mr. Chairman, Sir, this is the fourth time that I am participating in the debate on the Demands of the Ministry of Steel and Mines but every time there is disappointment in store not for me individually but for the 4 crores of Kanadigas. I am sure the hon. Minister, Shri Fotedar, must be knowing the feelings of Kanadigas by now. He knows better than me the fate of Vijayanagar steel plant. It was 17 years ago that the then Prime Minister Shrimati Indira Gandhi laid the foundation stone for this steel plant. Thousands of acres of land have been acquired for the purpose but this plant is yet to see the light of the day. We are being told every time that it is being processed. We have to change the

technology, etc. May I say that let the Government have the guts and say that they do not want to set up this plant? They should not dupe the people of Karnataka. You should see the feelings of Kanadigas. People there are laughing at us. They ask what you representatives are doing. You simply go and take your TA and DA. Therefore, I want a categorical reply from the hon. Minister about this Vijainagar Steel Plant. I want to remind that the three steel plants, namely, Vizag steel plant, Vijainagar steel plant and Salem steel plants were conceived and announced by Shrimati Indira Gandhi simultaneously. Whereas the other two have started functioning, the fate of Vijainagar steel plant is not clear. In Vijainagar you get beautiful ore required for the steel plant whereas it is not so with the other two plants. In Vijainagar there is all the infra-structure required for the steel plant. So I would like the hon. Minister, who is powerful Minister, to convince the Planning Commission and get this steel plant started. At the moment you have provided only a token amount. I have gone through your performance report and I find you have spent Rs. 2000 to Rs. 3000 crores for modernisation of Bhilai, Bokaro and Durgapur steel plants but you do not get money for this steel plant. People are saying because elections were in the offing so Shrimati Indira Gandhi laid the foundation of these steel plants and now on the eve of the next elections they may do something. Only there is a ray of hope on the eve of elections whereas immediately after the elections you forget about it. So I want a categorical answer from the Government about Vijainagar Steel Plant.

Now a word about taking over of the famous, prestigious and oldest steel plant in our country named after late lamented engineer statesman, Sir Visveshwarayya. The hon. Minister had discussion with our Chief Minister. My colleague Shri Chandrashekarappa has taken keen interest in the matter. In the papers last week I saw that the hon. Minister assured that the taking over was only a formality.

16.00 hrs

[SHRI N. VENKATA RATNAM *in the Chair*]

So far as I know, the Government of Karnataka has agreed to your condition for supply of power to the Plant and lower the power tariff. Please see that it is taken over. Every month Rs. 2 crores of loss is incurred. If you only spend Rs. 100 to 150 crores, you could revive that plant. You have already got 40 per cent shares. You are concerned and the State Government is concerned. So, it is absolutely necessary for the hon. Minister, when you reply, to see that a positive date is announced. Newspapers have reported two month's time. Please tell us the floor of the House when you are taking over.

With regard to Bharat Gold Mines, that is the only Gold Mine in the whole of our country. You get gold there. Here, your predecessors were assuring that the Bharat Gold Mines will be modernised soon. I want the hon. Minister to inform us what steps have been taken. (*Interruptions*) So, you see that it is modernised.

By now, you must have investigated how long will you be able to explore gold from the Bharat Gold Mines. It is necessary to explore the other possibilities because we are told that in the areas between Chittoor and K.G.F. there are a number of places where gold is available. It has been reported in the newspapers also. It has also been informed here on the floor of this House. You please take up this matter. Except in Karnataka, I don't think there is any gold available in India. So, this also is very important.

Now, one word about the Kudremukh Mines. Of course, it started very well because the Iran Government promised everything. But they gave a slip. I am glad that the Government of India has been consulting Japan and other countries. But actually what is alarming is that you are losing crores of rupees. If I am correct, Rs. 20-25 crores was the loss last year. Of course, it is subject to correction. But you

must see that this works efficiently. It is not only taking over by public sector that is important. We are of the view that efficiency is important. Just as you want all the undertakings in this country to work efficiently, you must also see particularly the Kudremukh Mines because it is the only melted ore producing mine available in Karnataka and particularly in that Kudremukh area. Of course, we had hoped that Iran would take away all the ore whichever was available. But due to political situation, it is not so. So, please see that necessary steps are taken so that losses are avoided. That is very important.

The last point I would like to say about the mines - particularly in Bharat Mines - is regarding the safety of the labourers. You have a number of laws. It is a centuries old gold mine. But you find the same type of safety measures which were there 100 years ago. I have seen some of the mines, though not a gold mine. They have all the modern safety measures. But so far as Bharat Gold Mine is concerned, you have not got the requisite safety measures for the labourers, thousands of miners work there. I am sure the hon. Minister will take a note of these things and will give a very positive reply.

With these words, of course, I cannot support this budget. When there is a raw deal to my State, it is very difficult for me to support it. If you set it right and if the hon. Minister assures me, then I will give my support. Otherwise, I cannot support it.

[*Translation*]

\*SHRI T. V. CHANDRASHÉKARAPPA (Shimoga): Mr. Chairman, Sir, I rise to support the demands for grants of the Ministry of Steel and Mines for the year 1988-89. While welcoming the demands presented by the hon. Minister I would like to deal with various matters in a more comprehensive manner. Sir, I have the good fortune of representing this august House since 1971. For the first time I am taking part in the discussion on the demands for grants of the Ministry of Steel and Mines. I

[Shri T.V. Chandrashekarappa]

congratulate the hon. Minister for Steel and Mines Shri Fotedar who for the first time has come out with commendable objectives and a well planned demands for grant.

The demands of the Ministry of Steel have not been criticised by the Opposition also. For the first time, Sir, I am observing that this Ministry has not faced any criticism. The Ministry has faced so many difficulties, particularly, power shortage, drought and financial constraint and inspite of all this, it has come out with good success. I have gone through the performance of the Ministry. Its production has gone to a maximum extent. For that I compliment the labourers and the Ministry of Steel and all those who are concerned. While appreciating the things, I want to make three or four suggestions to the Ministry. I am observing this for the last many years. All these plants are for modernisation but this modernisation should be completed in time. Otherwise, the cost over run will be high, the production rate will be intolerable and they cannot give these materials at a cheaper rate. Sometimes, the labour cost will be upto 200 to 300 times also with the overheads. I was expecting a lot of criticism from our friends. Now they are convinced with the enhancement rate of steel and is reasonable after many years due to the coal and all other things, it was unavoidable for the Ministry of Steel to raise the prices. I was mentioning about USSR and USA. You cannot compare our own things with USSR and Korea and all that. Ours is such a system. Our labour position and mechanisation cannot be compared with other countries. It is very easy to compare with other nations but if you go for implementation, whichever political party it may be which is in the different States, it becomes impossible for them. They have failed. Whichever political party you may belong to, we must go on to try to get work from the labourers as far as possible. Even in so many occasions, in the Consultative Committee also, I have asked the labourers to work efficiently and at the same time, our

technology has to improve. In that direction, Ministry of Steel has been doing its best for the last one year. It has done its best to their ability. While saying this, I have gone through the Report of 1987-88 and I wanted to say about Karnataka. The foundation stone of Vijayanagar plant was laid in 1971. Mr. Kumaramangalam and I were also a Member of the Committee. Salem, Vizag and Vijayanagar plants have been cleared. Always, Karnataka is a victim of the political situation.

DR. A. KALANIDHI (Madras Central): In Tamil Nadu also.

SHRI T. V. CHANDRASHEKARAPPA: In Tamil Nadu, either ADMK or AIADMK you will move with the Government.

DR. A. KALANIDHI: ...it has been converted into a steel rolling plant only unfortunately.

SHRI T. V. CHANDRASHEKARAPPA: At least you have got a plant. We have nothing in Karnataka.

In 1976, regarding the commission of the plant, all the other things were ready. In 1977 Janata Government came into power. At that time my friend Shri Biju Patnaik changed the entire design of Vijayanagar in collusion with the George Fernandes. They wanted it to be shifted to Mangalore. So that has come in the way of our Vijayanagar Plant. Till today we have not achieved our goal in Vijayanagar. The land has been acquired. For the last so many years I am observing it and I know that there is no political hindrance but due to the financial constraints they hesitate. So, I appeal to the Ministry of Steel and I urge on behalf of the people of Karnataka that this industry should be set up. It produces one of the best steel available in the whole of India. They have got the ore of rich content. That is why today or tomorrow it is bound to come. So, I request Shri Fotedar that at least he must try his level best to set up the Vijayanagar plant. As I am a Member of this House since 1971, I am observing how the things are happening. Unfortunately Karnataka has been selected as a political field by all

the parties. If you have aimed for one thing at some point of time the next day other party will destroy it. I request Shri Fotedar to give his best attention towards the Vijayanagar Steel Plant without any further delay.

Now, I would like to say a word about Visweswarayya Iron Plant. It is in my constituency. It is one of the prestigious plants of Karnataka. SAIL has a partnership of 40 per cent with it. That is one of our best plants in the whole of India. Though the SAIL is the partner of VASL, their contribution is nil. I am saying this with heavy heart because SAIL is a big organisation and they should not have neglected it. Due to the negligency of SAIL, we have incurred a loss of Rs. 140 crores. It is only a State public undertaking. They are not in a position to compete with the Indian market. You are bound to take this industry without any further delay. This is the fifth Ministry. I am requesting the Government of India from 1981-82 even earlier to that also. So four Ministers have gone. They were pleading that due to the power constraint we could not take it up. Anyhow, I tried my level best to convince Shri Fotedar to take over this VASL without any further delay. There is no use of postponing the issue. Day-by-day it is becoming a huge burden on the part of the State Budget. The whole Karnataka people are awaiting that the decision will be taken about it immediately without any further delay. Without any political hitch we have represented the matter to the Government of India. Shri Fotedar is very kind to us and I think he will call a meeting of the State representatives by the end of this month. I request him to announce in principle VASL will be taken over by the Government. If it is announced, I will be the happiest person. I do not want to put the Minister in an embarrassing position. There is nothing to delay it. The State Government has agreed to all the conditions which have been put forth by the Ministry of Steel. An early decision should be taken in this regard.

Now, regarding the Kudremukh. Though the financial constraint is there,

Iran has backed out from its commitment. With all that the Ministry of Steel has started like anything and the Kudremukh is doing a very good job.

As a substitute to iron, sponge iron plants should be encouraged by all means. I do not really know what is wrong with the Financial Institutions. Even when the projects are cleared by the Steel Ministry, the IDBI and other institutions are not doing anything. They are not in favour of these plants even though there is sanction. Anyway, when you are having some privatisation plan, you can think of setting up a sponge iron plant at Mangalore. This is the right time to consider that issue also and I leave it to the good sense of the Minister because either today or tomorrow it has to come. But I do not know the financial position. While considering the whole thing, you have to look into this aspect also.

Now, I would like to say a few words about the Bharat Gold Mines. Shri Sathe and I visited the BGML when he was the Steel Minister and he gave certain suggestions for the improvement of the BGML. Most of the suggestions have been accepted but there is some delay in their implementation. Please try to do something in favour of the labourers who are in a precarious condition today. Keeping the interests of the workers in view, you have to see that the affairs of the BGML are set right immediately. With these words and once again requesting Shri Fotedarji to take an early decision about the Visweswarayya Iron & Steel, I support the demands for grants.

[English]

SHRI D. P. YADAVA (Monghyr): Sir, I am thankful to you for giving me this opportunity, and I am not going to embarrass Shri Fotedarji by asking for some steel plant for my constituency. I am just going to beg of him for something which has not at all been discussed in this House and it is about one of the premier institutions of this country, the Geological Survey of India. This unfortunate institution has been neglected all along and

[Shri D. P. Yadava]

if it is not discussed here, I am worried, it may be neglected still further. That is why, I thought I should select this very subject.

Sir, the Geological Survey of India was established in 1851 and in these glorious 137 years, it has done the best possible work. Our geological scientists and geophysicists have earned great name not only in India but in foreign countries also. This is the parent body from where many other organisations have developed. I feel that this organisation needs a scientific orientation, a new outlook and a new approach in its whole system and purpose. This great institute which carries about 1,000 geo-scientific investigations per year is having a manpower of about 2,500 scientists and about 14,000 technical and house-keeping staff. But unfortunately, this institute has not yet been declared as an institute of national importance. I appeal to Shri Fotedarji to declare this institute as an institute of national importance and it should have the power to award diplomas, degrees and doctorates to its own persons. This is a purely scientific institute which is interested and engaged in scientific pursuit. Geological Survey of India was the first to start the air-borne survey. Now we have set up an institute for air-borne surveys at Hyderabad. In addition to air-borne surveys, marine geological survey, mineral search and evaluation, geophysical investigation, geotechnical investigation, glaciological studies, geothermal studies, geoenvironmental studies, geochronology and isotope geology, marine physics, photo-geology and remote sensing, map compilation and printing, resource survey and data coding are some of the fields which are under the compass of the Geological Survey of India. I had been to Calcutta - the Headquarter of the GSI - and discussed with some of the junior and senior officers also. They made a complaint to me. The printing of the reports takes years. I asked them how? They said because of the low rates, nobody is willing to do the job. If such a premier institution has to go from pillar to post to get its reports printed, I feel something has to be done in this regard. They should be

given full autonomy regarding printing of reports and other such small matters.

As regards some of my suggestions, I have already said that, the Institute should gain a national importance. The pay scales of the scientists of the GSI should be on a better footing because they are working in difficult zones and at very dangerous places, such as Antarctica.

Then, Sir, I find that this premier institution, which is a parent of many organisations also acts as an umbrella institution for the coordination of ocean development, water resources, Department of Science and Technology, etc. In this connection I would like to touch upon the aspect of coordination. In the Resource Survey and Data coding, it is mentioned and I quote: "The Resources Survey (Geodate) Division continued to attend to the work which is broadly classified as (i) development of computer oriented information system for various types of field investigations of GSI, (ii) creation of data bases for resource evaluation, (iii) development of soft-wares and application programme packages for specific geoscientific problems, (iv) development of Management Information System (MIS), (v) Interlinkage/interface data transcription for MIS of the Ministry and (vi) education and training programmes."

This very work is being done by the Department of Science and Technology also. So they are also working and GSI is also working on the same subject and may be some other institutions are also working on the project. I would appeal to you that this very GSI having been an umbrella Department should act as a coordinating agency for the rural development. These data are very-very important for compilation of the data base for rural development, geological and geomorphological and the resource inventory and its survey, etc. So the GSI has to play a very big role in the rural development and also for the scientific temper which is to be injected into the rural masses. The GSI should play and will play a big role in the coming years.

Then comes the problem regarding its inter-linking with the Oil and Natural Gas Commission, the Department of Space and the IIT. I find that in certain IITs, there are Departments which are concerned with this are very sophisticated, but their linking is not good. Their coordination is not good. I have seen an example at IIT, Kharagpur. The subjects of geo-physics and geology are there. But the IIT, Kharagpur's Geology Department does not have a coordinated action programme with the GSI which is hardly 100 kms. from IIT, Kharagpur. So what I have in mind is that, the inter-linking of the institutional facilities for the development of the rural programmes, etc. have to be undertaken immediately.

In the CSIR laboratories, retired scientists are being used for some specific purposes. Here also, I have found that there are so many good scientists, who have retired and who have got ability and capacity to do some good job, they should be taken in one of the organisations and should be assigned some work.

Lastly, I would say geological mapping of the whole country is being done. But I find that there is a major mineral and minor mineral...

PROF. N. G. RANGA: It is available.

SHRI D. P. YADAVA: No, Sir. Every year, it has to be updated. In the case of mining of the construction material like silica stone, etc., random development of crushers and unscientific management of crushers has caused a great hazard to the public health and causing silicosis to the workers.

This is a very big problem now coming up in the way. I will request you that the problem of silicosis has to be taken into account while considering the development of any of the major mineral areas like building material, etc. Then a recent section of the GSI has to be oriented and strengthened so that this temper of geology and geography, etc. should be injected among the school teachers, among the students so that while

planning the process of resource survey is injected into their mind from the very beginning. So, the training of mind from the very beginning should ensure data; and the wealth data of the earth is more important for planning. Planning by BDO and planning by District Collector should not take place in a haphazard way. They should be also given some orientation. So, one of the suggestions of mine is that you orient the BDO, the DM and other agents who are concerned with the development. They should have the knowledge of it and a Master Plan should be prepared according to the suggestions of the scientists.

SHRI SRIBALLAV PANIGRAHI (Deogarh): In Orissa we have a steel plant which has some problems. There is no expansion and modernisation of that plant. The foundation stone of the second steel plant was laid in 1980, but it is not coming up.

THE MINISTER OF STEEL AND MINES (SHRI M. L. FOTEDAR): I will make a note of it.

Mr. Chairman, Sir, it is with a sense of privilege that I rise to move for acceptance of the grants of the Ministry of Steel and Mines. I feel it a privilege because what I am engrossed in is no less than a great vision of industrialisation and modernisation of India as conceived by Panditji and taken forward by him, a goal to which Indiraji dedicated her life and to which Prime Minister Rajiv Gandhi is committed with all his might.

As all of us know, steel is the backbone of agriculture as well as modern industry. Without steel all of us feel that modernisation of India is unthinkable. It is a matter of special significance for the entire country that in the industrial development of India steel is predominantly in the public sector. It is a matter of conviction with me and the Congress Party that only public sector can spearhead the development of steel industry. To me the litmus test for a true friend of the public sector is whether he supports the measures for improving

[Shri M. L. Fotedar]

efficiency and productivity in the public sector or not because now public sector can prosper only if it is efficient. In all humility I do not agree with the theory propounded by one of the senior and experienced members of this House. Shri H.M. Patel, that if efficiency is to be imparted to the Public Sector, the retrenchment becomes necessary inevitable. I will take up this point when I separately discuss the salient feature of the Visakhapatnam Steel Plant as also the steel plants which are under the control of the Steel Authority of India. I can, however, say with all the force at my command that steel shall continue to occupy the pride of place in the structure of public sector in India. It is our duty and it is our privilege to ensure that the public sector and the steel industry remain a dynamic and vibrant component of our self-reliant economy for steel is the bed-rock of our self-reliance.

We have had very thought-provoking discussions on the performance of the steel sector and the steel industry, since yesterday. I would like to express my deep sense of gratitude to the hon. Members who participated in this discussion for their keen and constructive interest as also for their valuable suggestions. I would deal with some of the suggestions and advise that the hon. Members have given me during the course of the discussion.

I may say that our basic objective, that is of the Congress, is to achieve a socio-economic transformation of the country. This goal is laudable, the ideal lofty. This is a task of historic significance. I am sure, I am speaking to all sections of the House when I say that rapid and sustained development of steel industry is an indispensable pre-requisite for India's advance as a great industrial power. This is the mission of our party and the Government is going to build an India that is strong, an India that is self-reliant and an India that is progressive. Our mission is to build an India that occupies her rightful place and position in the comity of nations, an India that is the symbol of the hopes

and dreams of the heroes of our freedom struggle.

PROF. MADHU DANDAVATE: Men of steel!

SHRI M. L. FOTEDAR: Some of of the hon. Members have rightly spoken, that what we should have achieved, we have not. I do agree, that although we embarked on the journey of making iron and steel as far back as 1907 our speed of progress has not been fast enough. We are, as some members did say, hardly producing 12 million of tonnes of steel, per year at this time. I confess that we are not fully geared to meet our requirements as of now. But I would come to the main point how we are expanding, how we propose to modernise and how we propose to become not only self-reliant, but even surplus in the production of steel.

I do admit as some of the hon. Members have said that the growing use of steel represents a rising trend in the quality of life. I am very grateful to Mr. B. B. Ramaiah who initiated the discussion, some of the points which I will discuss will be based on the suggestions given by him. To some of the points he made about one of our steel plants, in his home State; in all humility I should say are misleading. Without steel as he has said - the uses of steel in every day life are many - and without steel we cannot think of any modern defence force. So, modernisation and progress are accelerated by the production and consumption of steel. The production of steel both qualitatively as well as quantitatively is a national necessity and it is in the national interest. Some Members have referred to the vast iron ore resources and the highly skilled manpower that we have in our country. I know that if these things are exploited, India's steel sector can capture international leadership in productivity, in innovation, as also in technology. In 1970s, our steel was one of the lowest price in the world. Of course, the picture did change in 1980s. I think, there are several reasons for this. The most important reason perhaps, is that we have been somewhat slower in responding to the energy shocks than other countries

such as, Japan or Germany. As some Members have mentioned, Japan has drastically reduced per tonne energy consumption in the production of steel when energy prices sharply increased due to the two oil price shocks of 1973 as also of 1979. But we were somewhat slower. Now with all the emphasis, I say that this is being rectified. I have no doubt that our steel demand is going to grow substantially. I expect it to double before the end of this century. It is the task of my Ministry to ensure that these needs of our country are met at minimum cost and with highest possible quality. To do this, we have to make, as suggested by some Members, our steel internationally competitive. We are convinced that towards this end, we will be successful. That is why, I have asked BICB to do an intensive study of the steel sector and to make their recommendations well before the Eighth Five Year Plan is launched, so that the consumers in our country can get the benefits of declining costs and improved quality.

As most of the Members have said, steel is the basic industry, which provides infrastructure for industrial development of the country. We have vast natural resources; we have good quality iron ore; we have coking coal and we have large reserves of lime stone and dolomite. As I have said earlier, we have skilled manpower in abundance. We must make fullest use of these to develop steel production.

I would like to refer to the demand and consumption position as of now, and up to the end of this century, and then I will refer to the measures that we are taking to meet this demand. The demand in 1987-88 has been of 12.6 million tonnes and by the end of the century it will be 26.20 million tonnes. I agree with the hon. Members that the per capita steel consumption is 18 kgs per head at present. If we presume that by the end of the century the population will go up to one billion then the per capita consumption of steel, as per these figures, will be 26 kgs. per head. I agree with some of my friends who said that the growth of steel industry is based on the

growth of economy. If the economy grows faster, the steel consumption will rise further.

Some of the Hon'ble Members referred to the Memorandum of Understanding. I did take note of what one of my colleagues here said that this understanding should not be construed as misunderstanding. I may mention that the Steel Ministry took the pioneering step last year after I took over in entering into Memorandum of Understanding with the SAIL. Before I go into the details of the Memoranda of Understanding that has been entered into with SAIL, I would like to give the background of this understanding. And I would say that this instrument of MOU represents a deep commitment and determination of the Government as also the determination and commitment of the workers, managers and the planners for striving to attain excellence. It sets the parameters of operation. It provides at once operational freedom and accountability. It has been mentioned in the past that the Memorandum of Understanding means substantial autonomy which also entails accountability or It precludes interference from day to day life of the undertaking but specifically locates responsibility for performance. It ensures that operational decisions are taken by those who are operationally responsible. It implies that the corporate office cannot take decisions which are to be taken at the plant level. The plant has to produce the results. The Ministry has not to produce the results in the plant. I am hopeful that this system outlined by Memorandum of Understanding would not only be effective but beneficial also. We are closely monitoring the experience in this respect. We shall certainly give it a fair trial. I may submit that we have to learn from the past mistakes. We should avoid avoidable mistakes. We have to build on our own experience as we go along. The Memoranda of Understanding, I would like to put on record, which has been entered into with SAIL, defines our long term objective for production, for improving efficiency, for increasing productivity and for taking this country towards self-reliance in the steel production.



[Shri M. L. Fotedar]

These points which I have listed are about six. These are:

- (i) To attain the level of 95 per cent of ingot steel capacity.
- (ii) To improve the level of techno-economic performance;
- (iii) To improve the quality of steel;
- (iv) To achieve economic viability and financial self-sufficiency;
- (v) To complete the modernisation of plants according to schedule; and
- (vi) To aim at greater consumer satisfaction.

Our strategy to increase production of steel, as I said, is to have self-sufficiency through modernisation of the existing steel plants; expansion, where modernisation is not necessary; and creation of new capacities wherever it is possible.

PROF. N. G. RANGA: Also cooperation of labour.

SHRI M. L. FOTEDAR: Yes, I regret and I will come to that later. The strategy we follow in the steel sector will be in time with the provisions of the Industrial Policy Resolution of 1956. I was really surprised to hear one of the hon. Members saying that what we are doing is against the basic tenets of the Industrial Policy Resolution of 1956. I was also surprised to hear from him that we are going towards privatisation. He mentioned - I do not know whether casually or he was serious about it - that we are not following the policies of Pandit Jawaharlal Nehru. I may mention that it was at the Avadi session of AICC about thirty-three years ago - Ranga Ji will bear me out - which provided the framework of the Industrial Policy Resolution of 1956. I should say, the Avadi Congress Resolution of January 1955 provided the necessary political input for the evolution and formulation of the Industrial Policy Resolution of 1956. It was on that sacred soil of Tamil Nadu, where we are having another Congress session

from tomorrow, that the socialistic pattern of society was adopted as the official line of the Congress. I am surprised to hear from my friend, who said that at the fag end of his life, Pandit Ji had said that there had been some bad policies. As a student of history, I have never come across such a statement from Pandit Ji so far - I emphatically deny this. Pandit Ji did say only about one country which did betray us at that time. Pandit Ji always felt that the policies pursued by the Congress and by him were correct, and those policies were not only correct then, but are correct even now, and those policies will continue to be correct for the years, decades and centuries to come. It was Pandit Ji, who said at that time that this Avadi Resolution was an expression of nation's will. How do some of our friends presume that we will ever go against the concept or the philosophy of such a Resolution? I would like to put the relevant portion of this Industrial Policy Resolution on record which pertains to the steel sector, because in the months and the years to come, we are giving a new thrust to the steel sector in our country. We should not be misunderstood what we are doing. Some people have said that we have deviated from it. Let me emphasise, reaffirm and reiterate that the Government's commitment to this policy Resolution and Government's commitment to the public sector is firm. Let me say that we have not deviated, we are not deviating and we shall not deviate from this Industrial Policy Resolution which is the *magna carta* for India's progress.

I would like to put on record the relevant portion. I quote. Para 8 of the Resolution states:

"All new units in these industries somewhere establishment in the private sector has already been approved, will be set up only by the State. This does not preclude the expansion of the existing privately-owned units, or the possibility of the State securing the cooperation of private enterprise in the establishment of new units when the national interest so requires. Railways, air transport, arms and ammunition and

atomic energy will, however, be developed as Central Government monopolies. Whenever the cooperation with private enterprise is necessary, the State will ensure either through majority participation in the capital or otherwise, that it has the requisite powers to guide the policy and control operations of the undertaking."

So, what I was saying is our firm commitment to this Resolution and to the concept of the public sector stands. We are making massive investments in the steel sector. This is an indication of Government's deep commitment to the development of steel industry with public sector. Our total investment in steel sector upto the end of the Sixth Five-Year Plan has been Rs. 8693 crores.

16.53 hrs)

[MR. DEPUTY-SPEAKER *in the Chair*]

Our investment in the next 8 years will be Rs. 10,030 crores. Sir, I am reminded of Panditji's memorable words when he said and I quote:

"We are building three major steel plants and doubling the fourth one. And when people say, 'You have been over-ambitious in regard to the Second Five Year Plan', I will reply that we propose to be over-ambitious every time".

Sir, I am quoting this only to prove that what the opposition is saying that we are not giving sufficient attention to the public sector is not only unfounded but with all respect I should say it is mischievous. So, I will give the break-up of various modernisation programmes that we have undertaken and that we propose to undertake now.

About Durgapur Steel Plant, modernisation scheme was already been sanctioned at a cost of Rs. 1350 crores. I was really shocked to hear the local M.P. from Durgapur when he said that our collaboration with Japan is going to jeopardise our national unity and integrity.

May I remind the hon. Member that in Durgapur...

AN HON. MEMBER: IISCO.

SHRI M. L. FOTEDAR: He mentioned about IISCO, but he belongs to Durgapur. May I mention to him and remind him that we had the collaboration with the British for Durgapur Steel Plant and that did not in any way jeopardise our national unity or integrity? No power on earth can break this country unless the people here themselves want to devise the means to become the agents of hostile foreign countries.

Rourkela steel plant which is to be taken up would cost Rs. 1680 crores. Then IISCO modernisation - I will come to it later.

SHRI SRIBALLAV PANIGRAHI: Why there has been delay in the case of Rourkela Steel Plant? It is a very good steel plant, but there has been delay.

SHRI M. L. FOTEDAR: I will explain, but you just have a bit of patience. IISCO modernisation which we propose to take up would cost Rs. 3000 crores. An hon. Member pleaded for a certain country stating why a certain country has not been given the contract or why we have not entered into collaboration with a particular country. I need not mention the name of the country because I neither plead for the East nor for the West. I plead for India and we are for India and India is for us. But I may mention that one country which he mentioned, I need not mention the name; some time ago, it was in 1984, that country had given the feasibility report for modernising the Burnpur plant where the capacity utilisation would be one million tonnes and the cost at that time was, if I remember correctly, about Rs 940 crores. The Japanese also presented, in 1987, a feasibility Report about IISCO plant. They propose the capacity up to 2.15 million tonnes. It means about 115 per cent more than what the other country had proposed.

SHRI BASUDEB ACHARIA (Bankura): What about other conditions?

SHRI M. L. FOTEDAR: What?

SHRI BASUDEB ACHARIA: Japanese proposal regarding retrenchment of workers, reduction in work force.

SHRI M. L. FOTEDAR: In my opening remarks I did say that we do not believe in the theory of retrenchment. Japanese have said certain things. In reply to one of the questions I mentioned that certain people will become surplus, but I did say at that time that even if they become surplus, we will not retrench them. That was my commitment at that time - surplus was only 2000 or 1000 or so. In Bokaro Steel Plant we will spend Rs. 1000 crores for expansion. In Vishakapatnam Steel Plant we will spend from now on Rs. 3000 crores. It comes to a total of Rs. 10,030 crores for the next 8 years. In addition to this, we will be spending about Rs. 1000 crores on debottlenecking, replacements, modifications and other additions. Some time ago some people raised the doubts as to wherefrom this money will come from. I may briefly mention about though the Members did not raise but a section of the Press did raise because some of the people do not want us to become stronger than steel or self-reliant in steel. This money will come from the internal resources of SAIL, loans from the Steel Development Fund and market borrowings. There appears to be no difficulty in so far as the funds are concerned. This massive investment for the growth of steel sector fully demonstrates our Prime Minister's commitment to the public sector.

17.00 hrs.

I will come to the technoeconomic parameters that will be achieved result after the modernisation. We have also fixed the dates for completing the modernisation programmes because we do not want time and cost over-runs.

In Durgapur work has already started and it would be completed in 1993. In Rourkela, work will be started this year, and it will be completed by 1995. Government have, in principle, approved the proposed modernisation of IISCO. We have sanctioned Rs. 30 crores for

preliminary expenses. I need not give the details. However, if you want, I can give them. The Secretary Steel and Chairman SAIL had gone to Japan. The Prime Minister also had an occasion to mention this to the Japanese Prime Minister recently. I may mention that Japan's interest in assisting in the modernisation of IISCO plant at Burnpur has been communicated to us. Talks will continue as and when necessary. This was about IISCO plant.

The other plant is Durgapur. Perhaps the hon. Members know that the tenders have been invited and the process of evaluation is on. This project will be completed in 1992 and the commercial production will start in 1993. About Rourkela also, I may mention.

SHRI BASUDEB ACHARIA: What about Bhilai?

SHRI M. L. FOTEDAR: I will come to that also. There is no modernisation of Bhilai steel plant. It is only debottlenecking of the plant. I will elucidate the capacity utilisation in the later part.

About Durgapur capacity utilisation, it is now 58%. It will increase to 95% after modernisation. In all the steel plants which are being modernised, the capacity utilisation will then be between 90% and 100%. Energy consumption in DOP will get reduced from 11.4 to 9.4 mega calories. Similarly blast furnace productivity which is now 0.7, will be 0.96 after modernisation.

About Rourkela Steel Plant, capacity utilisation will increase from 61% to 95% after modernisation. Energy consumption will get reduced from 11.0 to 8.9% and blast furnace productivity of the plant will also improve from 0.76 to 1.13.

In regard to IISCO, the present day capacity utilisation of 53% will go up to 95%. The energy consumption will get reduced from 13.7% to 7.7% and the productivity of the blast furnace with plant will improve from 0.7 to 1.4. I think, you are not happy on this.

SHIR BASUDEB ACHARIA: Why not?

SHRI M. L. FOTEDAR: I may now mention about the Bokaro Steel Plant. We have received from the Soviet Union, a technoeconomic offer for its expansion from 4 million tonnes to a capacity of 4.5 million tonnes. The offer of the Soviets is under the active consideration of the Government. Once the proposal is accepted, work is likely to be completed by the end of 1993.

I need not go into the details of the steel production. Most of the hon. Members have mentioned about it. But I can say that in SAIL the growth last year has been 9% in ingot steel.

We are planning in a very big way to increase steel production next year.

I would like to specially mention the performance of the two plants because I would be failing in my duty in case I do not pay my compliments to the managers and to the workers of these two steel plants. The performance of these two plants has been praiseworthy. One is Durgapur Steel Plant and the other is Bokaro Steel Plant. Durgapur Steel Plant has achieved 100% of its MOU target in ingot steel. Bokaro Steel Plant has registered a growth of 18% last year and though we had to face lot of trouble. I am happy to note that there is no trouble now. I compliment the workers, whatever ideological affiliations they may have but now they have come to realise that the workers of the plant should work for the plant and not get exploited by those who want to politically utilise them.

Similarly, in Bokaro Steel Plant, the achievement of MOU target has been 94%.

Some hon. Members have said about the SAIL performance. The capacity utilisation of ingot steel which was 63% in 1986-87 has risen to 69% in 1987-88.

I would like to say that qualitatively there has been marked improvement. Quantitatively, we may not have fulfilled the targets as envisaged in the MOU but we have made substantial growth over last

year and qualitatively also, in special items of steel, there has been improvement.

I may mention that in hot rolled coils, there has been an increase of 32% over last year.

In cold rolled coils, there has been an increase of 22% over last year.

In GPGC sheets, there has been an increase of 43% than last year.

We have made certain improvements in the performance of SAIL. Partly in reducing energy consumption. Partly we have achieved economy in cost of production. The impact of these improvements has brought down the input cost of steel by Rs. 220/- per tonne.

Some of the hon. Members mentioned about Research and Development Programme. We are giving it a new thrust, rather a major thrust. The steps we have taken in Research and Development may not be of immediate commercial benefit to SAIL now but this will be beneficial to the country in the long run and we are making the necessary investment in this area also.

I will not be able to mention in detail what we are doing but a new impetus has been given to Research and Development Programme.

VISL has been mentioned by some hon'ble members. This Unit is not economically viable. It is in the name of late Visveswaraya. We are emotionally involved with his name and the Congress Party as such because he was the personal friend of Panditji, he was the first Engineer-Statesman of the country. I wish the way we are interested in saving this Plant, the Karnataka Government would also have dealt with it likewise. There are certain difficulties. One is about the assured supply of power. Another is about certain financial reliefs. We have called the State Government officials, I think next month, to discuss the details with the Steel Ministry and I will be able to come with specific proposals later. But I have not finished speaking about steel as yet. About

[Shri M. L. Fotedar]

VSP, I will come to it later. I should not miss the Department of Mines.

SHRI T. V. CHANDRASHEKHARAPPA (Shimoga): Sir, what about the Vijayanagaram Steel Plant?

SHRI M. L. FOTEDAR: I will come to it later. About, VSP also, I will come to it later.

PROF. MADHU DANDAVATE: Geographical location is very good.

SHRI M. L. FOTEDAR: I am glad to inform the House that the year, 1987-88, has been a year of profit so far as public undertakings in the Department of Mines are concerned. There are six undertakings under the charge of this Department... (*Interruptions*). Yes, it is a year of profit. In HCL, we have made a profit of Rs. 10.75 crores. In Hindustan Zinc Limited, despite the paucity of power in Andhra Pradesh and scarcity of water in Rajasthan, we have been able to make a profit of Rs. 3 crores. Similarly in BALCO for the first time, we have made a profit of Rs. 3 crores. In MECL, we have made a profit of Rs. 1.02 crores. Another project that is of national importance is going to be dedicated to the nation next month, by the Prime Minister is NALCO - National Aluminium Company. I may inform the House that 1988-89 is going to be the first year of self-sufficiency in Aluminium. I may also mention that the cost of production of Aluminium is lower here than the international prices. As you are aware, the Prime Minister made an announcement on 25th February 1988 in this August House about the successful, first ever test-firing of completely indigenous Surface - to -Surface missile named Prithvi, which is the country's first such tactical missile. I would be failing in my duty in case I do not share the joy and complement the workers and the managers who have contributed their mite by providing special Alloy Billets sheets and sections used in this missile and which were produced in one of our Public Sector Undertakings, that is Bharat Aluminium Company. I would like to thank them for this contribution.

So far as NALCO's Alumina is concerned, we have exported, last year, about 77000 tonnes. Next year, 2.80 lakh tonnes will be surplus for export for which orders have already been tied up.

There are many other aspects about NALCO's project. It may be bauxite operations in Damanjodi, it may be the smelter plant at Angul. I may like to mention that out of the 480 pots of smelter, 194 have already been energised. I need not mention about the rehabilitation programme which has already been implemented.

PROF. MADHU DANDAVATE: Sir, for the last 16 years, I have been enquiring the position about the Public Sector Bharat Aluminium Project in the backward West-Coast Konkan region of Maharashtra. Every year, I have been enquiring and a very consistent reply is given: "the matter is under consideration". The new Minister, let him have a drift from the past and give some definite answer.

SHRI M. L. FOTEDAR: I will certainly take note of what Prof. Madhu Dandavate has said, and I will look into it. But I would request Prof. Madhu Dandavate to send something in writing to me immediately after this.

About BALCO, some people from West Bengal met me today regarding the Bidhanbagh unit. We are considering to give the necessary help to revitalise this aluminium unit. Similarly, one of the Hon'ble Members raised the point regarding smelter and refinery plants of HCL at Ghatsila. We are going to modernise these units.

The third point is about promotion of aluminium. I think I need not go into details. You have heard the hon. Finance Minister's speech here that, for promoting conservation of wood, certain concessions would be given for the projects of aluminium. We are happy to inform you that we will become self-sufficient in aluminium this year. The future projections for 1988-89 are that we will be surplus by 15,000 tonnes; our total demand will be

3.85 lakh tonnes and our domestic production will be four lakh tonnes. In 1989-90 our demand will be 4.30 lakh tonnes and the domestic production will be 4.7 lakh tonnes.

I need not mention about copper. As I told you, we are modernising some of its units also.

Shri D.P. Yadav has referred to the Geological Survey of India which is a major scientific organisation of the Department of Mines. This organisation has branched off to marine geology with three research vessels, air-borne survey with an integrated aircraft system and Satellite imagery studies by opening the first of a chain of Regional Remote Sensing Centres at Bangalore. Similarly, we are having a Rock Mechanics and Ground Control Institute; it is being set up at Kolar Goldfields at an estimated cost of Rs. 2 crores. The main objective is to further develop the existing infrastructure in the field of rock mechanics and ground control at Kolar Goldfields. Similarly we are going to have at Nagpur, the Jawaharlal Nehru Aluminium Research, Development and Design Centre, and this will develop the technical know-how and basic engineering in alumina/aluminium technology so as to attain self-reliance in this field. Hindustan Copper has initiated a development programme in Oxygen-Free Copper (OFC) in association with the Defence Metallurgical Research Laboratories. There also we are making progress.

Coming back to the steel sector again, I may clarify that the Vishakhapatnam Steel Plant is not a part of the SAIL. The Visakhapatnam Steel Plant is a separate entity, and we want to keep it like that. This will be quite distinct from other steel plants which are under SAIL...

PROF. N.G. RANGA: Is it the biggest?

SHRI M. L. FOTEDAR: It is one of the biggest. It is the latest. Technologically, I may say that the Visakhapatnam Steel Plant is being so designed that its various techno-economic parameters will be distinctly superior to those of the existing

Steel Plants under the Steel Authority of India. The worker in this Plant, the VSP, would be trained in multi-disciplinary skills to achieve higher productivity. So far, the Steel Plants have provided employment in the Plants. This plant will provide employment around the plant. This is the difference.

Regarding multi-disciplinary skilled labour, let me illustrate. Suppose, one man knows one job and while he has to work for seven or eight hours, he actually works for two hours. And now in VSP we will provide a variety of jobs for the worker for most of the working hours so that the productivity increases. And we hope to run this plant at 95 to 100 per cent of rated capacity. So, we would like to compare its performance with other steel plants of the SAIL.

In the integrated steel plants, the productivity has been between 34 and 77 tonnes per man per year. In VSP, it will be about 231 tonnes per man per year. This is in regard to the productivity. I am told, that the Visakhapatnam Steel Plant at 90 or 95 per cent capacity utilisation will produce steel at a lower cost than at Bhilai, Bokaro or Durgapur. And the actual work production cost will be about 20 per cent lower than those plants.

One of the Members mentioned about compensation to the displaced persons. I may like to inform the Hon. Member that though he belongs to Andhra Pradesh, I attended the first Lok Adalat at Vishakhapatnam myself which was presided over by the Chief Justice of India. Earlier the compensation had been raised from Rs. 4 crores to Rs. 20 crores under the orders of the Prime Minister because of his concern for the people of Andhra Pradesh. The orders of the Prime Minister were implemented within the shortest possible time and the revised rate of compensation instituted among the displaced persons.

(Interruptions)

PROF. MADHU DANDAVATE: Which month was it?

SHRI M. L. FOTEDAR: It was on 31st March, 1988 that I visited Vishakhapatnam and I had the privilege of distributing some of the cheques myself to some of the displaced persons. That process of distribution of cheques to displaced persons is on. That is why, I said, the Hon'ble Member must have been, perhaps, mis-informed. The process is on. Money has been given. Perhaps, some of the persons felt that why we have been so generous to the displaced persons there.

Some Hon'ble Members have mentioned about the productivity in the Steel Plants here, in Japan, in Germany and Russia and in other countries. If you want, I can give figures and other details. I would like to tell you that we are not lagging behind. We are going ahead. We are on the ascendancy.

One of the Hon. Members said about the Vijaynagar Steel Plant. It is a fact that for such plants, Rs. 10 crores have been kept in the Seventh Five Year Plan. It is a token provision. I am told, originally it was proposed to have this as an integrated steel plant. But later when MECON prepared the DPR -- the Detailed Project Report -- which was given to us sometime in October 1984, it was said that 1.5 lakh tonnes of sponge iron and 2.1 lakh tonnes of steel can be produced. It would cost about Rs. 422 crores. Due to financial constraints it cannot be taken up. We have not given up hope. It is still on our books. *(Interruptions)*

SHRI V. S. KRISHNA IYER: For 15 years, the same reply is given on the Floor of the House. Please tell us what are you going to do for that?

SHRI M. L. FOTEDAR: The difficulty is that money is not being spent for creating assets like power and hydro-electric in the State. The State is deficient in hydro-electric power. That is one of the deficiencies that it cannot be taken up by us. Secondly, there is a constraint of funds.

One Hon'ble Member wanted to know about Bhilai and other places.

SHRI T.V. CHANDRASHEKHARAPPA: Is there any proposal to have a gas pipeline from Bombay to Madras touching Karnataka and Andhra Pradesh? Because HBJ pipeline is already coming up and last time you have suggested this. Just to complete all these projects, we have requested the Government of India to have a line from Bombay, Andhra Pradesh, Karnataka upto Madras.

SHRI M. L. FOTEDAR: I will not be able to answer this question here in the Lok Sabha as I do not have relevant material with me now. Outside I could have said something. I have not consulted the Ministry.

PROF. MADHU DANDAVATE: Outside also don't say anything.

SHRI M. L. FOTEDAR: I have not consulted the Ministry of Petroleum. You can meet me outside the House, we will discuss it with the Ministry of Petroleum.

Achariaji wanted to know about Bhilai Steel Plant. We will be making an additional production of steel during the year 1988-89 by about 1.8 million tonnes. There will be extra production. Out of this, Bhilai will contribute 9 M.T. Moreover 9th Coke Oven Battery will be commissioned there this year.

Then Visakhapatnam unit capacity will go upto 1.5 million tonnes. The Member concerned asked me as to when we are going to commission it. We are going to commission it by the end of the year. But I would request the Hon'ble Member to use his good offices with the Chief Minister of Andhra Pradesh because it was very unfortunate that last month we had to surrender Rs. 19 crores or Rs. 20 crores which was meant for the Eleru Canal because Andhra Pradesh Government was not able to fulfil its commitment. So, I would request the Hon. Member that he should use his influence to get Eleru Canal completed, so that the Visakhapatnam Steel Plant will be commissioned on time.

SHRI SRIBALLAV PANIGRAHI: What about the second steel plant in Orissa?

SHRI M. L. FOTEDAR: That is also mentioned in the books, we have not taken any decision so far.

In Bokaro we will be commissioning the oxygen plant this year in September. By this, the capacity of the Bokaro Steel Plant will reach 4 million tonnes.

Now I would request those Hon. Members who have given notices of cut motions to withdraw them. With these words, I commend the Budget for the approval of this august House.

MR. DEPUTY-SPEAKER: I shall now put all the cut motions moved to the Demands for Grants relating to the Ministry of Steel and Mines to vote together, unless any Hon. Member desires that any of his cut motions may be put separately.

PROF. MADHU DANDAVATE: Nobody wants to be hanged separately!

MR. DEPUTY-SPEAKER: Now all can jointly hang themselves. I shall now put

the cut motions 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 Steel and Mines to vote.

The question is:

"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."

*The motion was adopted.*

*Demands for Grants, 1988-89 in respect of the Ministry of Steel and Mines  
voted by the Lok Sabha*

No of Demand	Name of Demand	Amount of Demand for Grant on Account voted by the House on 18th March, 1988		Amount of Demand for Grant voted by the House	
1	2	3			
<b>MINISTRY OF STEEL AND MINES</b>					
67.	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



17.29 hrs.

[English]

*Ministry of Defence*

MR. DEPUTY-SPEAKER: The House shall now take up discussion and voting on Demand Nos. 12 to 18 relating to the Ministry of Defence for which 6 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 treated as moved will be put up on the Notice Board shortly. In case any member finds any 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 May of March, 1989, in respect of the heads of Demands entered in the second column thereof against Demands Nos. 12 to 18 relating to the Ministry of Defence."

*Demands for Grants, 1988-89, in respect of the Ministry of Defence submitted to the vote of Lok Sabha*

No. of Demand	Name of Demand	Amount of Demand for Grant on Account voted by the House on 18th March, 1988		Amount of Demand for Grant submitted to the vote of the House	
		Revenue Rs.	Capital Rs.	Revenue Rs.	Capital Rs.
1	2	3	4	5	6
<b>MINISTRY OF DEFENCE</b>					
12	Ministry of Defence Defence	102,68,00,000	28,21,00,00,000	513,39,00,000	141,05,00,000
13	Defence Pensions	183,26,00,000	—	916,29,00,000	—
14	Defence Services - Army	1145,83,00,000	—	5729,14,00,000	—
15	Defence Services - Navy	130,12,00,000	—	650,61,00,000	—
16	Defence Services - Air Force	298,72,00,000	—	1493,61,00,000	—
17	Defence Ordnance Factories	20,65,00,00	—	103,25,00,000	—

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1	2	3
8 Capital outlay on Defence Services	643,24,00,00	3216,18,00,000

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Mr. Amal Datta to speak.

SHRI AMAL DATTA (Diamond Harbour): Mr. Deputy Speaker, Sir, over the years the importance of Defence in this Parliament has been coming down and I would say that this is rightly so since we do not have enough knowledge really to debate on this particular subject. The knowledge is denied to us because of the love of secrecy of this Department. Now it seems that the secrecy is not merely to keep the enemies from knowing our Defence secrets but also it helps people to get commissions and kickbacks and keep that secret also. We had always suspected that to be one of the reasons for this great love of secrecy in the Defence Department. Now, of course, it has been proved beyond doubt that commissions are given in very large amounts. I do not have to dwell on that at length. There will be further occasions to do so.

Previously when we started the Defence debate we always used to say that we oppose the Grants not because of the amount involved but because of the lack of accountability.

THE MINISTER OF DEFENCE (SHRI K. C. PANT): Not out of habit.

SHRI AMAL DATTA: Not out of habit but one could also do that because you are following the same practice for the last 40 years. So the habit may also grow.

PROF. MADHU DANDAVATE: That means out of their habit.

SHRI AMAL DATTA: We always used to say that we would not like to do so least we should be branded anti-national or unpatriotic. To make it very clear that we are neither, therefore, we are not actually opposing the amount granted to the Defence Department to be spent as and how they like without having to account for it to anybody including Parliament but because they are not accountable, therefore, we were opposing. Now it appears this Government itself has spent less than what it had taken as allocation from the Parliament. In place of Rs. 12500 crores and odd the Government spent only Rs. 12000

crores. How it could come to such a round figure I do not know. Some kind of jugglery must have been practised for this purpose to come to a round figure of Rs. 12000 crores. The point I am making is...

SHRI K. C. PANT: To clear the misunderstanding may I explain that there was a desire behind helping the drought effort. It was Rs. 12500 crores. We gave up Rs. 500 crores. So it came to Rs. 12000 crores.

SHRI AMAL DATTA: In any case there has been such a cut in the expenditure and the cut has come not out of revenue expenses but out of capital expenses -- expenses which were meant for ordnance factories and for public sector undertakings. All these asset creating expenditures have been cut to the extent of Rs. 871 crores. These asset creating expenditures have been cut and revenue expenditures have gone up by Rs. 362 crores.

This is the time when we can say that we also oppose the amount which is being spent in the budget in the name of defence of the country because the Government itself has shown that there are items in the Defence budget which they can do without. Of course, I do not agree the way the budget has been cut, namely this capital expenditure has been cut and revenue expenditure increase. That I stoutly protest against. But the Government itself has shown that there is enough in the budget and, therefore, a protest against the amount allocated is also necessary.

Not only last year, even this year, the budget grant of Rs. 13,000 crores does not take care of the price increases due to inflation. What was happening before this was that a ten per cent increase was being made normally to take care of the price increases; over and above that, four to five per cent increase was allowed. That is how the Defence budget was increasing, except in some years when the increase was as much as 20 to 25 per cent. In the two previous years, the increase was as much as that. So, this shows may be two things. One that the style of acquisition of armaments, which the Government was pursuing during the last three to four years,

[Shri Amal Datta] that has got cramped because of the scandal involving the Bofors gun deal and submarine deal etc. Therefore, they have not gone towards acquisition of assets in the way they would have like to do. But what else is happening is that the expenditure meant for modernisation of ordnance factories, setting up of new ordnance factories is also not forthcoming. That was cut in a big way last year and it is being cut again. Very small amount is being allocated towards that this year. Considering that the last year, there was a cut of Rs. 400 crores and odd, and total expenditure cut may be to the tune -- in these two years together -- of about Rs. 800 to 900 crores. This would have gone for modernisation of ordnance factories which was sorely necessary and setting up of new ordnance factories. Now, what is the reason? The reason is, of course, the Government's declared policy of going for privatisation, for manufacture of defence equipments. Formerly, they used to say only components having low technology will be made by the private sector. Now they even have gone as far as saying that even assemblies and sub-assemblies of high technology equipments will be made in the civil sector by private companies. So, this is a departure from the Government's own proclaimed policy. This again, we object to very strongly because the Government cannot go back on its own policy of not letting the civil sector in and privatisation of armaments and their components which are vital to the defence of the country.

The next thing I would like to point out is that the budget of Rs. 13,000 crores does not really give the whole picture about the amount which is being spent for the country's security. In fact, the Ministry's total budget is Rs. 14,339 crores. To that, has to be added the cost of the para-military forces which are doing duty along with the Army like the BSF, Indo-Tibetan Border Force, the Assam Rifles, the Coast Guards as well as the Border Roads Organisation. Now, all these together have an expenditure of Rs. 807 crores. The Ministry's total expenditure of Rs. 14339 along with Rs. 807 crores comes to a figure of Rs. 15146 crores which is 5.7 per cent of the gross national product. Why the Government

does this kind of jugglery? Why it shows as 13000 crores when the expenditure is really Rs. 15000 crores and a little more? The reason is that in 1976, a Committee was set up by the Government which said that the defence expenditure should be in the region of not exceeding 4 per cent of the gross national product. That is why this jugglery. I do not think that the Government should think itself bound by any such expert committees arbitrary figure, which it might have recommended has being correct portion of national income to spent on defence. I think it will depend upon the situation in which the country finds itself, the price level and all that. If we have to acquire arms from abroad, then we have to spend more. All these factors will come into the determination of what percentage of national income we have to spend on defence. There is no sanctity in the figure of 4 per cent. I would request the Government not to resort to the jugglery, but bring before the people the correct figures as to what we are spending on defence. For that at least, we are not going to criticise the Government that it is spending on defence an unconscionably high figure. We can do so if the situation does not warrant. We would like to ask the Government again and again, and every year we do it, as to who is responsible for defence planning. What is your machinery for defence planning, for threat perception? You don't have a National Security Council. You don't have a proper machinery for integrated planning for all the three services along with research and development. What is happening is the services are asking for whatever they can think of and after that there is a process of pruning. It is this process of pruning which they call planning. It is not planning exercise but it is pruning exercise. Because of the pruning, every department puts its demand as high as possible. They know that there is a lot to be lopped off in any case. So, there is no planning. That is the main point I would like to make. The Government should first have a proper machinery for threat perception and not something which they just put in the Annual Report. For instance, in the Annual Report this year, they have stated so far as the condition of our immediate neighbour is concerned, the Government

says that "immediate neighbour, Pakistan's weapons-oriented nuclear programme and its quest for sophisticated weapons etc. is rather a matter of great concern. Not only have these developments led to serious deterioration of all security environment but they have also tended to prompt diversion of the scarce resources from development to defence." I have already shown that that has not happened because in real terms, this year, we have budgeted less than what we have spent last year having regard to inflation. So, there is no question of movement of resources from development to defence this year at least. This line might have been copied from last year's Annual Report and therefore, this mistake.

The other point is that in the Report, this particular Chapter, "National Security Environment" starts with 'Improvement in the security environment in the world at large amongst the big powers'. If there is such an improvement in the security situation among the big powers it must have its reflection in India and its neighbourhood. It will have and it has to have in the long term. We are not thinking only of this year. We are not thinking or planning for arms acquisition only for this year. We have to think for a longer period. The fact that such a sentence has been put here only indicates the lack of perspective in this matter and it is totally a bureaucratic attitude which reveals what it was doing all along. It cannot think of anything new. It cannot take into account new factors which may have come into the picture. So, Sir, I would request the Government again not to take the security environment perception and the planning of defence so casually, as they have been doing, but to have a proper organisation for that.

Then, Sir, the increase in the defence expenditure has been phenomenal. In 1984-85, it was Rs. 6661 crores and it has doubled by 1987-88. So, in three years' time it has more or less doubled. Why there is such phenomenal increase in expenditure? It is mainly because of the fact that a lot of modernisation programmes have been undertaken and which in the

context of our country mean the arms replacement programme. There are reasons why I make this distinction. The reason is that in other countries modernisation does not take place by the replacement of old generation weapon systems. They are gradually updated. At least after the interval of some 2 or 3 years they are upgraded. In our country what do we do? We just carry on with that, not only in defence technology in an other sector also we just carry on with that particular technology as long as the technical life of that equipment allow us to. May be for operational reasons we may have to discard it earlier than that, but we carry on with it until we come to a stage where we cannot any more use it. Then we go in for the next generation of equipment, which is equivalent to the replacement programme. The replacement programme had to be carried out very quickly from the early 1980s and the reflection of that is in the Budget from 1984 onwards. You can see it. This is again because we took things very casually in the 1970s. After winning the 1971 war with Pakistan we were very complacent and we did not even go in for replacement programme, which had been over due by that time in terms of tanks, aircraft and all that. We did not go for that. We delayed it as long as it was possible. Ultimately it all came together in the short period of the first half of 1980. And we are saying in this annual report that Pakistan is getting a technical edge over us. Of course, Pakistan does not manufacture the armament. We do to a very small extent; the extent is so small that we cannot possibly...

MR. DEPUTY-SPEAKER: Please wind up.

SHRI AMAL DATTA: Sir, just 10 minutes are left, who will speak now?

MR. DEPUTY-SPEAKER: Some members are waiting to speak. We want to finish things in the stipulated time.

SHRI AJAY MUSHRAN (Jabalpur): Sir, let him speak in some more detail. (Interruptions)

SHRI AMAL DATTA: Unfortunately, Sir, we have been very casual in the Seventies,

[Shri Amal Datta]

the result of which we have to bear in the Eighties in the form of a much higher budget that we can possibly afford. Again, I am not on that 4 per cent figure. Because in our country, given the present situation, perhaps, we cannot even go for 4 per cent. We have to be way below that. If Shri Pant corrects me later, I would not mind, but from the book 'Military Balance' which is published very recently in the later part of 1987, I find that the Chinese expenditure is less than 3 per cent of their gross national product.

PROF. MADHU DANDAVATE: Their gross national product is much higher.

PROF. K. K. TEWARY (Buxar): We never get a correct picture of how much the Chinese spend on defence.

SHRI AMAL DATTA: This is a book published by the Britishers. You can buy and see it. Anyway, I am not saying that this 4 per cent is a sacred figure. You can go even beyond that if the situation warrants it. But given the conditions of India, given the conditions of stark poverty, there is perhaps reasons to keep it lower than 4 per cent or below 3 per cent or even.

SHRI K. C. PANT: I will give you some Chinese figures.

SHRI AMAL DATTA: My figures are from published sources. Your figures may be from your intelligence reports.

SHRI K. C. PANT: No. They are also published figures only.

SHRI AMAL DATTA: Therefore, what is happening is, whenever we try to reduce the expenses, we think only in terms of postponement. We do not really cut expenses. We simply postpone the acquisition of capital assets etc., and ultimately we pay more for that too. On the other hand, what is required for a country like India?

We have today one of the largest standing armies of the world. Given today's sophisticated equipment, the question that must be asked is this. Is it necessary or is it even worthwhile or is it even

safe to have such a large standing army? Is it not more convenient and more scientific in the nature of things, to have a hard core professional army supported by conscripts, which means that the main bulk of the army consists of conscripts instead of having a large standing army? This of course, will be a deviation from the doctrine which the British left with us. But I think it is time to think over it because the scenario in defence has totally changed with the advent of electronic warfare. It is necessary to have educated and technically qualified people to man the forward positions. It is no longer possible, perhaps, to depend upon the type of people that we are depending on so long. Well, some of them must be there, but the Government has to decide and take a policy decision on this. Perhaps that will also solve the problem of 60,000 to 70,000 people being thrown out of the Army every year. Their rehabilitation is a very big problem and the Government has really thrown up its hands and admitted that it has really not been possible for them to solve the problem. These people have to be taken back into some kind of civil employment or given some kind of employment. Or, they must be self-employed and fend for themselves and so on. This really is a very big problem. Therefore, I think it would be worthwhile for the Government to consider this aspect thoroughly, in depth and not casually as they usually do.

So, Sir, I think I have given enough food for thought. So far as time is concerned, there are five minutes left and now I come to DRDO. The reason why we have to spend so much money on arms acquisition is this organisation.

SHRI K. C. PANT: Do you have any suggestions on the level of conscription?

SHRI AMAL DATTA: Not so off-handedly! I am totally unprepared.

PROF. MADHU DANDAVATE: Please see him in his chamber.

SHRI AMAL DATTA: Why do we spend so much money on the arms acquisition? Two things have happened in the mean-

time. One is, we have tried to diversify our sources of arms acquisition.

We have been, from mid-sixties onwards, depending on Soviet Union as our sole source of arms supply. Suddenly, now we took a decision to diversify the source. Then we went to Western countries. We are paying four to six times -- according to published figures, I do not know -- more for the similar items purchased from western sources than we would have paid if we had purchased them from socialist countries. That is one reason why we are paying more. The second reason is that we are not able to manufacture these things ourselves. Now something which we have been manufacturing ourselves for a long time, even then we are not able to copy it. A case comes to my mind in which a Missile being used by the Air Force which was perhaps purchased from Soviet Russia -- because we were talking about mid-sixties -- that had to be replicated in this country. So DRDO were given this job. They said: "We can do it for Rs. 16 crores." Rs. 16 crores for only finding out, by what they call the reverse engineering, as to what is there in the Missiles, so that it can be replicated. Then in the middle of it, the Air Force said that: "No this has become obsolete, so you go in for another system." They said: "No we will only stick to this system because by that, we will be able to create competence." Obviously, the other system would mean that they will have to get the missiles first and then take it apart and do the reverse engineering, which they have not been able to do at that time. After spending Rs. 15.4 crores and spending about nine years on that, they closed the chapter and said, we cannot do more than this. Now, they claim that had given them the competence and on the basis of it, they have built some Missiles. Some were demonstrated a few days ago, I think on the 15th February or so. Regarding that Missile, a lot had come out because the Prime Minister himself had made a statement in the House. So all the papers were taken up. Now they say - I am reminding from the Annual Report, page 65 "Under the Integrated Guided Missile Development Pro-

gramme development of four types of missile systems has been undertaken. These are: "Prithvi - a surface to surface tactical battle field missile system; Trishul and Akash - surface to air missile systems and Nag - third generation Anti tank Missile system."

Out of this, they claimed to have already tried Prithvi successfully. It does not have a very long range. I do not know the range. It is not there in the report.

"The first ever flight test of PRITHVI missile incorporating the twin engine liquid propulsion power plant, control, electronics, and closed loop strapdown guidance system with on-board processor and real time software has been conducted successfully on February 25, 1988." So, I wish him all success but I have my doubts, whether it will be successful in practice and we will have to know it without any of the services. In this case whether the Army will accept it.

Every year they say about this MBT Arjun that it is on the way to a successful trial run and all that. Again this year, they have said that MBT Arjun is undergoing R & D technical trials and the performance is satisfactory to everybody. But the question is that, they have been saying this for the last seven or eight years -- in every Annual Report you can see it. Year before last I had pointed out that when MBT's picture was given, underneath it was written as "pride of the Army" I said, the Army has not yet accepted it.

18.00 hrs.

How can it be the pride of the Army? Fortunately, the then Minister of State, Shri Arun Singh, had conceded that point that perhaps it was a badly conceived caption. Even today the army has not accepted this. Only after that they can say that there has been a success. I may admit as well that today I have looked up the Jane weapon system. All the systems which are in the MBT have been borrowed from some company or other from abroad. It is nothing original. Everything has been borrowed from abroad. Even the power pack,



[Shri Amal Datta]

the engine, which is called power pack so that nobody understands what they are talking about; that is still German; and we do not know when we will be able to manufacture that. We always have asked for more money to be given for research and development. But if this is the result of that research and development, and if simple development will take 9 years, 10 years, 15 years, 17 years, I think there is something basically wrong with this organisation. It is time that the Defence Minister should sit down and have a proper look at it, whether it is being properly managed, whether the research programmes are properly drawn up, competently drawn up, properly managed. Why does their research time over runs, research cost over runs and yet there is no success in this field? As long as there is no success, we shall have to go to the foreign countries to buy these expensive arms and our Defence Budget will be disproportionately high. So, this is an area where intensive attention has to be given by the Defence Minister.

SHRI K. C. PANT: But you yourself have said that Prithvi was successful.

SHRI AMAL DATTA: But I have read out from the Annual Report.

SHRI K. C. PANT: Then why do you say that it was not successful?

SHRI AMAL DATTA: Thank you.

SHRI SYED SHAHABUDDIN (Kishanganj): I beg to move:

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to eliminate commission agents and manufacturers representatives from defence purchases.] (18)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to introduce system of proportionate recruitment to the armed

forced from all States/districts to reduce regional imbalance.] (19)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to restructure the army on regional/territorial basis rather than on the basis of religious/caste/ethnic groups.] (20)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to introduce Three Language Formula in Sainik Schools and ensure equal opportunity to candidates whose mother tongue is a language other than Hindi.] (21)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to achieve self-sufficiency in weapon systems.] (22)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to achieve self-sufficiency in weapon systems.] (23)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to prevent Chinese incursion across the Line of Actual Control and further occupation of Indian territory.] (24)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to establish military dominance over the Siachin area in Jammu & Kashmir.] (25)

"That the Demand under the head

Ministry of Defence' be reduced by Rs. 100."

[Failure to evolve a comprehensive programme for rehabilitation of ex-servicemen.] (26)

"That the Demand under the head 'Ministry of Defence' be reduced by Rs. 100."

[Failure to reduce dependence on foreign suppliers for defence equipments.] (27)

**18.01 1/2 hrs.**

BUSINESS ADVISORY COMMITTEE  
[English]

*Fifty-third Report*

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): I beg to present the Fifty-third Report of the Business Advisory Committee.

MR. DEPUTY-SPEAKER: The House stands adjourned to meet tomorrow at 11 A.M.

**18.02 hrs.**

*The Lok Sabha then adjourned till Eleven of the Clock on Friday, April 22, 1988/  
Vaisakha 2, 1910 (Saka)*