

General Electric Company's protest to Indian Ambassador against MECON

9189. **SHRI YADVENDRA DUTT:** Will the Minister of STEEL AND MINES be pleased to state:

(a) whether the General Electric Company of U.S.A. has protested to the Indian Ambassador against MECON, a State Undertaking about the supply of thyristor-controlled drives to Rourkela Steel Plant;

(b) if so, the brief outlines of the same; and

(c) what steps have Government taken in the matter?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI KARIA MUNDA):
(a) No, Sir.

(b) and (c). Do not arise.

Employees of Steel Plants removed from service during emergency

9200. **SHRI A. K. ROY:** Will the Minister of STEEL AND MINES be pleased to refer to the reply given to Starred Question No. 512 on the 30th March 1978 and state:

(a) the alleged charges against the employees of Durgapur Steel Plant removed from service during emergency and later reinstated; and

(b) whether it is a fact that in other Steel Plants, like Bokaro, most of the victimised workmen are still out of service and if so, reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI KARIA MUNDA):
(a) Of the 19 employees of Durgapur Steel Plant who were removed from service during emergency, the services of 7 employees were terminated on

account of their un-authorised absence due to their detention under MISA/DIR. The services of the remaining 12 employees were terminated because of their association with the then banned parties, etc.

(b) No, Sir.

12.24 hrs.

MATTER UNDER RULE 377

(i) **REPORTED SHORTAGE OF BUILDING MATERIALS LIKE STEEL, CEMENT, ETC.**

SHRI K. LAKKAPPA (Tumkur): Sir, I draw the attention of the Government to an important issue. I am very glad that Mr. Mohan Dharia is present. How this Government is bluffing all along....

MR. SPEAKER: You have got to read your statement.

SHRI K. LAKKAPPA: You want to shield the Government in that manner? I am sorry. The statement is with regard to requirements and shortages, price rise, blackmarketing, etc. All these things centre round the constructional activity not only in the southern States including Karnataka but elsewhere also in the country. I am referring to the shortage of building materials like steel, cement and other requirements.

MR. SPEAKER: Mr. Lakkappa, we have adopted for practical purposes that the hon. Member has to read his statement. You are now again making a speech.

SHRI K. LAKKAPPA: I am only commenting.

MR. SPEAKER: Please stick to the statement.

SHRI K. LAKKAPPA: This kind of encroachment....

MR. SPEAKER: No, no. Then it will become very difficult. I am

allowing 5 people. So, if you make a speech, I cannot allow the five. That is why kindly conform to the statement.

SHRI K. LAKKAPPA: I am speaking in Parliament. I have to put this in a proper manner.

MR. SPEAKER: Everybody is speaking in Parliament.

SHRI K. LAKKAPPA: We take the Ministers as responsible to this House.

MR. SPEAKER: Mr. Lakkappa, you are making my task difficult.

SHRI K. LAKKAPPA: Now, I would like to quote from the statement.

Cement production in 1977 was estimated at about 16 million tonnes against the target of 19 million tonnes and there was a shortage of nearly 3 million tonnes. What is this bluffing of the Industries Minister? To make matters worse, the recent cyclones in the South have added to the shortfall in production, while the rehabilitation work increased the demand for more cement which is not available.

Blackmarketing in cement has consequently started on a large scale. It is estimated that cement worth Rs. 25 crores goes into the black market every month because of the shortage in production. But the Minister says that cement is available when we are importing cement. Due to distribution bottlenecks, shortages have been further aggravated and the business community is making capital out of the situation hoarding materials and making huge profits by disposing of the stocks at abnormal prices and also selling sub-standard cement with adulterated material. It is said that Government planned for large scale import of cement through S.T.C. When some cement consignments did arrive from abroad the ships, had to wait in the sea for days together for lack of berthing facilities. This state of affairs not only

added to delays in despatching the cement urgently needed for constructional works but also resulted in heavy demurrage charge.

The position of steel is no better, because of the constructional activities in States, nearly Rs. 33, crores worth of projects, and road works and all those things in Karnataka State have even come to a standstill because of the shortages. I would like to tell this to the House. Will the Minister explain this situation? The total production of steel for the year 1977-78 is estimated at 8—6 million tonnes of ingot steel and 7 million tonnes of saleable steel. The Steel Minister again is concealing here and also cheating the Parliament. This production fell short of the target of production for ingot steel and saleable steel for 1977-78 by 7 per cent and 5.1 per cent respectively.

Shortfall in production of steel and cement are attributed to power cuts in many States, difficulties in getting adequate supplies coal and indifferent industrial relations. The mini steel plants at Visakhapatnam and Vijayanagaram which are intended to augment steel production are unfortunately in the planning stage still. And by making a statement in the Rajya Sabha, the Minister of Steel, Mr. Patnaik, has created a suspicion in the minds of the people of Karnataka.

The malpractices in steel trade have also resulted, in the shortage of steel and the rising prices of steel. A large scale racketeering in steel by bogus steel users is reported to have been taking place in several parts of the country. Trade sources reveal that the margin of racketeers on a rake-load of steel is as high as Rs. 24 lakhs. This highly profitable malpractice is borne out of the Government's two-tier steel distribution policy—I am attacking the distribution policy of the Government—intended to eliminate middlemen. Under the Government's policy, small and

[Shri K. Lakkappa]

medium scale manufacturers can directly purchase steel in full rakes from steel mills at a discount rate which is much below the stockyard rate.

MR. SPEAKER: You have one statement for yourself and one for me. Is it so?

SHRI K. LAKKAPPA: I am giving you useful information.

MR. SPEAKER: I thought you will take me into confidence. This is rather unfair to me.

SHRI K. LAKKAPPA: You are going through my statement, I know it. It comes within the purview of the statement.

It is said that although the facility of lifting steel directly from producers in full rakes at concessional rates has been extended to small and medium sized consumers, not many such consumers are in a position to utilise this since it involves the blocking of a large sum of money for a long period. Tradesmen have converted the situation to their advantage. They approach small units to buy steel from mills on their behalf and are exporting, under the policy of Mr. Mohan Dharia, even sanitary fittings. They are now allowed to be exported to Gulf countries.

MR. SPEAKER: Mr. Lakkappa, you are completely breaking my directions.

SHRI K. LAKKAPPA: With these words I am concluding. The situation in the Southern States has not only aggravated, but all developmental activities have completely come to a stop. Therefore, I would like to urge upon the Minister: kindly consider this and review the whole situation and see that the required material for constructional activities—buildings, roads and other economic

activities—are made available in all the States, including Karnataka. Kindly see that there is proper public distribution system for this raw material, without any strings or constraints. There should be no black-marketeers. I would like to make one suggestion....

MR. SPEAKER: This is not a debate, Mr. Lakkappa. I have given a direction, and it must be implemented. You have completely broken my direction. It makes my task very difficult.

SHRI K. LAKKAPPA: I request the concerned Minister to discharge his responsibility to the House and make a statement. Sir, will you kindly direct him to do it?

MR. SPEAKER: I am not directing anybody.

(ii) REPORTED TRANSFER OF SHARES OF MALAYALAM PLANTATIONS LTD., TO AN INDIAN COMPANY IN VIOLATION OF THE FOREIGN EXCHANGE REGULATION ACT.

SHRI K. P. UNNIKRISHNAN (Badagara): The Malayalam Plantations Ltd. is a company registered in UK and having its registered office in London. It is one of the biggest plantation groups in India with large number of estates of rubber and tea in Kerala and Tamil Nadu. The Malayalam Plantation shares are quoted in the London stock market and classified by "The Financial Times", London as a rubber company.

After the Foreign Exchange Regulation Act was passed by the Parliament in 1973, this company has been busy trying to frustrate the legislative intentions of Parliament and to overcome the regulations made under the FERA for dilution of foreign equity holdings. The Malayalam Plantations became a wholly-owned subsidiary of Malayalam Plantations (Holdings) Ltd., UK in 1977, majority of whose shareholders are trusts, banks etc.