

12.37 hrs.

STATEMENT REVISION OF STEEL PRICES

THE MINISTER OF STEEL AND MINES (SHRI Biju Patnaik): Mr. Speaker Sir; I rise to make an important statement on the question of revision of steel prices. Last year when the Lok Sabha was pleased to pass the Public Sector Iron and Steel Companies (Restructuring) and Miscellaneous Provisions Bill, I had stated that the public-owned Steel Authority of India Limited with its new structure, assets and capabilities should fulfill the public purpose of expanding India's steel production and set up new plants on its own. I had further stated that SAIL should be able to raise its own resources and minimise the draft on the Consolidated Funds of India for this purpose. During this session, in view of the acute shortage of various categories of steel, several Honourable Members have demanded the setting up of new steel capacities without any delay so that these shortages are not perpetuated, and we are not accused in the years to come that we have been planning for shortages as, I am afraid, has been the case in the past.

Over the last one year I have been diligently negotiating with various countries like the USSR, West Germany, the UK, the USA and Japan for obtaining credit facilities for the expansion of steel capacity in our country. I am glad to inform the House that our negotiations with some of the countries mentioned above have made good progress. In exploring such possibilities the intention is to ensure an additionality of resources over and above those which have been taken into account in the Plan so that such projects can be undertaken without increasing the draft on the Budget. However, in order to supplement these external credits by rupee component increased generation of internal resources by the steel industry is absolutely essential.

Steel prices were last revised in June 1978, but the additional realisations to the Industry from that revision have been offset by cost increases resulting from a number of factors, such as concessional pricing to the small scale industry, steep increases in the entry-tax on raw-materials and shortfall in production because of inadequate supplies of coking coal and indifferent power situation. The budget documents indicate a plan outlay of Rs. 600 crores for the Steel Department for 1979-80. On the basis of current prices and the anticipated production in 1979-80, the internal resources of the public sector steel industry available for utilisation towards the Plan outlay could at best be around Rs. 30 crores, and even this modest amount would probably be eroded by cost escalations. The bulk of the outlay of Rs. 600 crores would thus have had to be met from the Budget and this would have substantially increased the overall budget deficit.

Having all this in mind, and after very careful consideration, Government have now decided (a) that the price of pig iron should be increased by Rs. 100 per tonne as a surcharge; (b) that there should be an additional surcharge of 15 per cent on the base price of all items of steel (exclusive of the development and import surcharges currently being levied); and (c) that these surcharges should be paid into the Steel Development Fund which has already been established. It has been estimated that these increases will result in the generation of additional resources, which, after providing for

some compensation to the Steel plants for uncovered costs and cost escalations, will leave around Rs. 200 crores for utilisation towards the approved development outlays on this sector. Necessary adjustment in the pricing structure will continue to be made to ensure that SAIL does not incur any loss due to the pooling of prices between the imported and domestic steel.

In deciding on these price increases Government have carefully considered their possible impact on the general price levels and are satisfied that this impact would not be significant. I may also add that even the revised prices will be lower than the prevailing domestic prices of steel in most of the other countries.

I would also invite the attention of the House to the fact that these price increases are in the form of development surcharges which would go into the Steel Development Fund and will not result in increased realisations in the hands of the producers both in the public or in the private sector. Only a small part of the accretions to the Fund will be utilised for most compensations, and that too on the basis of studies of the actuals by the Bureau of Industrial Costs and Prices once in six months. The bulk of the accretions to the Fund will thus be used for financing outlays which are essential for creating new capacities.

12.42 hrs.

MATTERS UNDER RULE 377

MR. SPEAKER: Shri Qureshi wants priority as he has to go for his prayers.

(i) LAW AND ORDER SITUATION IN JAMMU AND KASHMIR.

SHRI MOHD. SHAFI QURESHI (Anantnag): Since Mr. Bhutto's execution, violent demonstrations have gripped the entire valley in Jammu and Kashmir. The security forces at

the United Nations Military Observers' Headquarters of Srinagar opened fire and more than four persons were killed on the spot. Reports of trouble having spread to other parts of the State are disturbing and the police at various places has resorted to unprovoked fire, killing so far more than 8 persons. It seems that the State Government is not in a position to deal with the situation effectively. The Home Minister should have come to the House and made a statement of his own, so that full facts could have been placed before the Parliament. The Central Government cannot remain an idle spectator in such a situation. The House will join me in expressing our sympathies to the families of the persons who were killed in the police firing. It has also been reported in the press that part of Srinagar City has been handed over to the army, which indicates that the situation is very serious. I would request the Home Minister . . .

SHRI K. P. UNNIKRISHNAN: Where is the Home Minister.

MR. SPEAKER: This was allowed after 10 O'clock. I have not given notice to him.

SHRI MOHD. SHAFI QURESHI: I would request the Home Minister to pay an immediate visit to the State for an on-the-spot study of the situation and report back to Parliament. It is a matter of concern in all of us that a church, which could have been saved, was destroyed because of the inaction of the authorities of the State Government.

(ii) METRO RAILWAY PROJECT IN CALCUTTA.

SHRI SOMNATH CHATTERJEE (Jadavpur): The recent announcement in the press that the Planning Commission has advised the postponement of the execution of the works in Phase III for the Metro Railway Project has caused very great concern and shock to the people of Cal-