

cadres and revolutionary intellectuals to go deep into rural areas with indomitable revolutionary spirit, disseminate among the broad masses Marxism, Leninism and Maoism and propagate the great truth 'Political power grows out of the barrel of the gun'.

Here is naked, unabashed, unconcealed propagation of the doctrine of terror, of bloodshed, of the doctrine that force shall prevail. But it is not only a theory that is being propagated. May I here quote from another document of these gentlemen to show what they are up to? They say Bengal Naxalites claim killing 80'.

The quotations now available are from the *Amrit Bazar Patrika*, the *Hindustan Times* and other daily national press in the country.

MR. CHAIRMAN: If he will not take long, he may conclude now.

SHRI NATH PAI: I will need another 30-40 minutes.

MR. CHAIRMAN: Then he may continue on the next day.

so also the common man's requirement of this commodity is likely to increase.

My own estimate is that by 1974, the demand is likely to be 22.5 million tonnes whereas according to present estimates taking into account the additional capacity and expansion which is to take place during this period, the production is likely to be only 19 million tonnes, resulting in a gap of  $3\frac{1}{2}$  million tonnes.

Let me remind the House that in 1957-58, one could get a bag of cement for less than Rs. 5. In a period of ten years, it has risen to Rs. 10 84 - in fact, an increase of 34 P was effected only about a month earlier. Government in their reply have stated that they have no intention to reduce the cement prices. I am aware the Government had convened a meeting of the cement manufacturers and had asked them to reduce prices but I do not know what transpired. Then Government abandoned the idea.

I shall build up a case for reduction of prices on three grounds. Firstly, an increase of Rs. 5 per tonne was allowed to the industry on the ground that this amount would be utilised for expansion.

17.43 hrs.

(Shrimati Sashi'a Rohatgi in the Chair)

17 30 hrs.

## HALF-AN-HOUR DISCUSSION

### Reduction in Cement Prices

SHRI SHRI CHAND GOYAL (Chandigarh): While raising this half-an-hour discussion, I shall be highlighting three points: (1) reduction in prices of cement, (2) improving the distribution system, and (3) creation of additional capacity to meet our present and future demands.

You are well aware that cement is a basic commodity and is required by Government for its housing projects, other government buildings and dams. It is also needed by the common man to construct his own house. At present in urban areas, we are faced with the problem of *jhuggis* and *jhompri*s and in the rural areas, houses are not fit for human habitation at all. Therefore, in future, specially by the end of the Fourth Plan, Government's requirement of cement is likely to increase considerably;

It has to be regretted that actually no expansion or very little of it has taken place whereas the common man has been robbed of his pocket. He has had to pay Rs. 5 per tonne extra which was charged by the industry in the name of expansion but has not been so used. This is so far as the private sector is concerned. As for the public sector, only last year Government set up a huge factory in MP. I would seek a clarification whether Government would be prepared to allow this additional Rs. 5 per tonne only to those units which have actually expanded their capacity and this will be allowed on the basis of the actual expansion effected and not at a uniform and flat rate to every factory irrespective of the fact whether they have effected any expansion or not.

My second ground for claiming reduction in the price is that there are two or three varieties of cement. One is considered to be a superior quality cement, called Portland cement, which is commonly

[Shri Shri Chand Goyal]

known as grey cement. There is another category of cement which is inferior in quality which is known as slag cement. At least one of the constituents of slag cement is ashes of iron or the waste product of the iron industry. The production of that variety of cement is much cheaper. They say that if the cost of production of grey cement is Rs. 100 per tonne, then the cost of production of slag cement is only Rs. 40 per tonne. But the manufacturers mix these two qualities in the ratio of fifty-fifty. There is another quality known as plasma. That is a little inferior to the Portland quality, and it costs about Rs. 90 per tonne. The present position is that the manufacturers are allowed a uniform or flat rate of Rs. 100 per tonne irrespective of the ratio in which they mix the superior quality cement with the inferior quality. I would like to know whether the Government would have a thorough cost-accounting to find out in what proportion they mix and what is the average cost per ton. If the Government take the trouble of calculating the cost, they will come to the conclusion that the cost of production per tonne of this mixed variety will be much less, and there will be considerable scope for effecting reduction in the price of cement.

SHRI HIMATSINGKA (Godda) : It is suggested that the manufacturers mix the different qualities ?

SHRI SHRI CHAND GOYAL : Yes, it is the manufacturers who mix and supply to the consumers the mixture of these three varieties.

I am building this case because, as I submitted in the beginning, cement is a basic commodity and is used mainly by the common man, and the cost of construction has considerably gone up because of the high prices of cement and steel. The other two factors of cost of construction are bricks and labour charges which I feel depend on local conditions, but so far as these two commodities are concerned, cement and steel, where Government comes in, if the prices are reduced, then the cost of construction will be much less and the poor man will be able to construct his own house, and even the Government will be able to complete its projects at a much lesser cost.

The second point which I want to build up is about the system of distribution. I have no hesitation in saying that at present four or five concerns, ACC, Sahu Jain, Birlas and Da'mias, control almost 66 per cent of the entire cement industry. Therefore, we cannot say that there is free competition. For distribution they have their own agents throughout the country. One has not got the right to get cement directly from the factory. It has to be procured through the agent and scarcity is created in a number of places, because the distributor dumps it in the godown and says that no stocks are available, so that he can indulge in blackmarketing. I know of instances in Haryana and Delhi where blackmarketing exists so far as cement is concerned. Therefore, I have to suggest and ask the hon. Minister whether he is prepared to improve the system of distribution by having constant vigilance and by constant check-up and by appointing more distributors or otherwise effecting improvements in the system of distribution.

My third point is about creating additional capacity. I have submitted in the beginning that our demand for cement in 1974, according to Government's statistics, is going to be 22.5 million tonnes. Our supply, taking into consideration the additional capacity which we are going to install in the next two years, is likely to be only 19 million tonnes. So, there is apparently—or there appears to be—a gap of three and a half million tonnes. Therefore, what is the Government going to do ?

Another problem which is connected with this is that there are regional imbalances. It is only the south and the west which are rich in the production of cement whereas the other areas, the north and the east, are deficit in the production of cement. The Government has undertaken that it would remove this regional imbalance and it will set up factories either in the public sector or in the private sector in the regions where the demand for cement is much more than the supply. There is absolutely no doubt that the raw material is available in a number of States ; it is available in Himachal Pradesh ; in Rajasthan and in Assam. So, it is only a question of exploiting these resources. I would like to know whether the Government will stick to its old under-

taking that it will set up more factories for the production of cement in the areas which are at the moment deficit. At the same time, I would also like to know whether the Government has some planned policy in this respect, because at the moment, the growth is only haphazard. There does not seem to be any planned policy regarding cement production. When last time a big factory was set up in Madhya Pradesh in the public sector, then also there was a lot of criticism in the press that Government's commitment stood broken. Therefore, I would like to know what are the Government's plan to increase this additional capacity so that the Government will be able to meet the demand in the year 1974.

Also, sometime ago, a proposal came for the export of cement, because the whole of Asia, or rather so many countries in Asia are still developing, and they do require cement. The Government of India can provide a market for them. I would like to know whether the Government has applied its mind to the question of exports and, if it has, how it is going to meet the question of exports, and whether it is going to make our cement in accordance with international specifications, and whether it will be able to meet the demand which other countries can profitably meet from India.

So, I would like to have answers to these three questions. First, whether the Government has a mind, based on the grounds which I have given, to reduce the prices. Secondly, whether it has a mind to improve the system of distribution. Thirdly, what it is going to do to create the additional capacity, especially in the areas which are deficit, and what is it going to do with regard to exports.

**SHRI SEZHIYAN (Kumbakonam) :** I am glad Mr. Goyal has raised a very pertinent question, because, now there is a huge scarcity in cement. As he said, there is much blackmarketing going on. I am glad that in accordance with the recommendations of the Dutt Committee, the cement industry has again been brought under the licensing provisions. If the Government implements firmly the present system of control over price and

distribution of cement, much of the distress can be remedied. Cement is a basic industry and we want more houses for our workers and poor people who live in slums. Unless we have a very clear idea of the planning, how are we going to meet the increasing demand? Unless we remove the pockets of scarcity we cannot achieve it.

At present there are four concerns—ACC, Sahu-Jain, Dalmias and Birlas—who control about 66 per cent of cement production. Now Government has again assumed licensing powers and they can control it. If anything goes wrong now, it is a wrong connived at by the Government itself.

There is ample scope to reduce the price. In 1966, Rs. 5.15 per tonne was allowed as an inducement for expansion. Only some multiple units here and there availed of it, but got this increase on their entire production in all their factories. ACC may have 17 factories. They will have expansion in one factory only but collect this Rs. 5.15 on their entire production. Between 1966 and 1969, all the big companies have collected huge amounts by way of expansion allowance. Government should examine how far the expansion allowance has been properly utilised. They should make these multiple units return that money, take it back to the pool and utilise it for the benefit of deficit areas like Punjab, Haryana, etc. or for public sector establishments to come in cement production.

Government should go into the cost accounting of slag cement. It costs Rs. 14 per tonne. They mix 50 per cent of slag cement with the other cement costing Rs. 100 and sell the entire thing for Rs. 100. In 1961, when the Tariff Commission examined the cost, they did not go into the cost of slag cement, because slag cement production in the entire country there was only 1.6 lakh tonnes, but now it is more than ten times that figure, *i.e.* 1.8 million tonnes. Material for slag cement comes from the steel factories and now major steel production is in the hands of Government. Therefore, if they utilise this production of slag cement properly, the extra profit can go to the public exchequer.

Rs. 5 per ton is allowed for handling charges at the railway station and for

[Shri Sezhiyan]

transport from the railway station to the godown in the town. But about 20 per cent of cement goes by road, but even there they allow Rs. 5. Twenty per cent means 3 million tonnes and at the rate of Rs. 5 per tonne, it is Rs. 15 crores. The consumers are being fleeced. I would like the Minister to give a categorical answer to these three points. In December 1969 they made an announcement that the system of control over prices and distribution, the freight pooling system, would continue. But they did not say how long it is going to continue and how the future expansion is going to take place. Therefore, at this stage I want the Government to be very categorical that they are going to continue the present system of control over prices and the freight pooling system would be there until the production is able to meet the demand. Before that if you de-control cement it would amount to throwing the consumers of cement to the wolves of the industry. Then, what is he going to do with those firms and factories which took Rs. 5.15 for expansion but did not expand. Government have got every opportunity and power to reduce the price of cement and make it within the reach of the consumer. I hope the Minister, who is new to this Ministry would bring fresh thoughts and clear decisions.

MR. CHAIRMAN: I think it would be better if the Chair is always addressed as Sir, irrespective of the occupant.

SHRI S. KUNDU (Balasore): Since you have yourself opted to be addressed as Sir and not as Madam ...

MR. CHAIRMAN: Sir includes madam and man includes woman.

SHRI S. KUNDU: So, but for my own masculine arrogance I would address you as Sir.

I was attentively listening to the speeches of the two hon. Members who preceded me. I say that a great fraud is committed on the people in the name of manufacture, distribution and so-called price control. I will give one or two instances. I know some stories about slag cement. There was a proposal by Hindustan steel to put up a slag cement factory at Nandini near Bhilai.

That was successfully sabotaged by the officers, by the big companies like ACC and also some people of HSL. ACC buys molten slag which are thrown away by Bhilai at Rs. 9 per ton which has now been increased to Rs. 11 per ton. The same slag is carried to places like Jaipur in Rajasthan and sold at Rs. 55 to 56 per ton. In addition, the cement factories at Jaipur also make adequate profit. So, you could imagine the profit which ACC makes by getting cheap slag.

I am told—the Minister may kindly note it—that the Cement Corporation was induced—I use the word 'induced'—to start a granulated slag cement factory by taking the slag from Bhilai, Rourkela and other places and then selling it to others. But the Cement Corporation did not come forward. I charge this Government and the Cement Corporation of having been bought over by the big cement factory owners who have successfully seen that the Cement Corporation does not put up such a factory.

I had take up this matter in the Consultative Committee of Steel and Heavy Engineering. It will be a great surprise to you to know that when I wanted more and more public sector undertakings to come up in the sector of slag cement, according to the reports that I get today, deals for the slag from Durgapur and Rourkela have been finalised with a long-term programme with one concern under the Birla group management at Durgapur and another with Sahu-Jain in Rourkela. One public sector undertaking, the Orissa Industrial Development Corporation, gave a tender but they were not given it.

Crores of rupees of profiteering is being done. This is a big game and it must be exposed. I know, Shri Krishna cannot answer this but he must find out and see why the Cement Corporation did not come forward to put up a granulated cement factory and why the ACC, Sahu-Jain and Birlas were given these licences even after you say that licences should not be given to big firms. I charge this Government of lethargy and conniving with big firms.

The second question which has been raised incidentally is whether the Government has a cement policy. Would Government announce its price and distribution policy and the most important policy about the location of cement factories. I

think, my hon. friends will agree that there are certain artificial deficit areas which have been created because industries are not dispersed there but somewhere else. There is no policy of Government about the dispersal of industries. There is no positive price policy. It is controlled, de-controlled, again controlled and like that it goes on. Some time back cement price was increased. I think, a number of times cement price has been increased. Whenever the cement magnates join and compel the Government, without analysing as to what is the necessity for this Government go on increasing the price. I feel that the price of cement could easily be cut down by at least 20 per cent. I entirely agree with Shri Goyal that 25 to 30 per cent is also added to the cost by the type of distribution system that they have. Unless they change the distribution system also and try to introduce some sort of a control in the distribution system, they would not be able to hold the price.

So, I would like to know precisely, firstly, the role of the Cement Corporation and secondly, about the policy about dispersal of cement plants, projection of the need for cement, the price policy and the distribution of cement.

18 00 hrs.

श्री शिव चंद्र भा (मधुबनी) : मेरा पहला सवाल है कि क्या यह बात सही है कि सीमेंट उद्योग जो निजी क्षेत्र में है वह फुली मार्टेनाइज्ड नहीं है ? यदि नहीं है तो क्या बजह है ? सरकार ने उन प्राइवेट मैन्युफैक्चरर्स को कौन से आदेश अब तक दिए हैं उन को मार्टेनाइज्ड करने के लिए और कहां तक उस में सफलता मिल पाई है ?

दूसरा सवाल—चाहे मार्टेनाइज्ड हो या न हो, प्राइवेट सेक्टर में जो सीमेंट उद्योग हैं, उन में उत्पादन बढ़े, इस के लिये क्या सरकार प्राइवेट सेक्टर की सीमेंट इण्डस्ट्री को अपने हाथ में लेने जा रही है ?

तीसरा सवाल—बिहार में सीमेंट उद्योग को बढ़ाने के लिये सरकार ने अब तक क्या किया है, खास कर उत्तर बिहार में ? इस के

लिये चौथी पंचवर्षीय योजना में क्या सरकार की कोई योजना है, यदि नहीं है तो क्यों नहीं ?

चौथा सवाल—आपने कितना सीमेंट एक्सपोर्ट किया है तथा उस से कितना फौरन-एक्सचेंज अर्न किया है ?

THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND INTERNAL TRADE (SHRI M. R. KRISHNA) : Madam Chairman, though I was not present here when the discussion was initiated, my senior colleague has given me the points on which the Members want to get information.

The cement industry is a very important industry. As the hon. Members know, there are about 48 cement units in the country located mostly in the southern and western part of the country. The deficit is always found in the northern and eastern sector of the country. At one time, this industry was decontrolled and we wanted the industry itself to manage the affairs, to control the price and also to see that there is fair distribution to all part of the country, even where the cement is in great demand and cement factories are not there. All these things are to be regulated. But after seeing their operations and performance, we thought it was not functioning satisfactorily and, therefore, once again, the Government intervened in order to see that undue advantage is not taken by some of the big cement manufacturers because on the shortage, etc. in the country and certain regulations were imposed. They are all being followed by the cement industry. Even there, whenever we wanted that certain increase was to be given to them, it was on some basis.

The First Tariff Commission went into the working of this industry in 1961. After prescribing the amount for each tonne of cement, they have also given guide-lines of which the Government can increase or decrease the price. Due to any governmental action where taxes have been increased or the prices of fuel or coal have been increased, under those conditions, we have been allowing an increase in the price of the cement. Even during 1968-69, there was a demand from the cement industry to increase the price. The matter was referred to the Chief Accounts Officer of the Finance

[Shri M. R. Krishna]

Ministry who are the experts to guide us and they said that since the taxes and other things had increased, there was a justification for increasing the price.

Then, along with the increase in price, we put a condition to the cement manufacturers that there should be a certain amount deposited in the fund meant for expansion of the cement industry. But, unfortunately, even though some have followed it, some others have flouted it and we are trying to bring them under control. There are various means through which we will be able to control these cement manufacturers.

Sir, the total requirement in the country at present is being satisfactorily met. During the Fourth Plan, the requirement is not 24 million tonnes as stated by the hon. Member.

SHRI SHRI CHAND GOYAL : 22½ million tonnes.

SHRI M. R. KRISHNA : It is about 21 million tonnes out of which 20 million tonnes will be for the internal consumption and 1 million tonnes will be for export to other countries to find out how best we will be able to trade in this item with various foreign countries. Therefore, 1 million tonnes has been earmarked for export. Now, to have a better control over the private cement manufacturers, we have to increase the cement manufacture in the public sector.

Mr. Kundu said that the Corporation has not been able to do justice or function properly. Well, the Corporation has got its own limitation. Yet the Corporation has given about 7 very good schemes and out of the 7, four projects have already been accepted - one project has already come into existence in Madhya Pradesh. The next one may be in Mysore and the third one may be in Assam and the fourth one in Himachal Pradesh. It is our intention to see...

SHRI S. KUNDU : I never said about the working of the Cement Corporation. I gave the specific instance why the molten slag of the steel plants is not taken by the Cement Corporation and granulated cement made out of it.

SHRI SHRI CHAND GOYAL : Madhya Pradesh and Mysore are not deficit areas.

SHRI M. R. KRISHNA : I can assure the hon. Member that there is lot of scope for cement industry in this country and if the hon. Members are interested and if they can influence their own State Governments and other people, I think, at our end in the Centre we will be able to assist them and there can be one or two more factories. The Cement Corporation has already got 7 schemes as I have said. There are about 70-80 applications pending with the Government to-day. Therefore, granting licence is no problem.

Mr. Kundu said that some injustice has been done to his State...*(interruption)* The bye-products which are being used by some other private industry you wanted it to go to the Cement Corporation. I do follow that. I have understood as he rightly said. I do not know all these technicalities. I will be able to find out to what extent we will be able to help.

One thing to which I would like to draw the attention of the hon. Members. The Cement Corporation is at its best and it is trying to expand its activities and very soon we will be able to cover large number of areas. It is also one of our important decisions that as far as possible we would like to start cement factories in deficit areas provided the raw materials and other facilities are there. So it is for the members to try to work it up and see whether we could be able to put up more factories.

About prices again my very good friend, Mr. Kundu, said that without any basis we have allowed the private manufacturers to get whatever prices they want. That is not the correct position. As I stated, it has been verified and the tax part, the packing part, everything has been gone into and still I would say that there is scope for reducing in package, in the transport and various other things and that can be gone into and the price could be brought down. But it cannot be considerable because to-day we are producing cement in the public sector and while we have to find out what the production cost will be in the public sector and in case we are lucky enough to find out

that the public sector projects are going to be cheaper, then it becomes easy to compel even the private manufacturers to stick to that price.

18.09 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Monday, August 10, 1970/Sravana 19, 1892 (Saka).*