

# LOK SABHA DEBATES

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## LOK SABHA

Thursday, July 20, 1989/Asadha 29, 1911  
(SAKA)

The Lok Sabha met at  
Eleven of the Clock

[MR. SPEAKER *in the Chair*]

### ORAL ANSWERS TO QUESTIONS

[English]

#### Import of Pig Iron

\*41. SHRI V. TULSIRAM† :  
SHRI AMARSINH RATHAWA:

Will the Minister of STEEL AND MINES  
be pleased to state:

(a) whether Government have reduced  
the customs duty on import of pig iron;

(b) if so, the details thereof;

(c) the quantity of steel scrap and pig  
iron imported during 1988-89 and the amount  
involved;

(d) the quantity of pig iron likely to be  
imported during the next three years, year-  
wise;

(c) the extent to which it will meet the  
requirement of pig iron in the country; and

(f) its effect on the production of pig iron  
in the country?

THE MINISTER OF STATE IN THE  
DEPARTMENT OF MINES IN THE MINIS-  
TRY OF STEEL AND MINES (SHRI MA-  
HABIR PRASAD): (a) to (f). A Statement is  
given below.

### STATEMENT

(a) Yes, Sir.

(b) The auxiliary duty of customs has  
been reduced by 40 percent ad-valorem  
through a notification issued by the Ministry  
of Finance, Department of Revenue on June  
30, 1989.

(c) Canalised import shipment of pig  
iron from abroad during 1988-89 was about  
1.9 lakhs tonnes valued at Rs. 51.3 crores.  
Shipment of steel melting scrap from abroad  
during the same year was 20.60 lakh tonnes  
valued at Rs. 549.26 crores.

(d) Quantum of import of pig iron during  
the next three years depend upon the levels  
of identified gap between demand and in-  
digenous availability.

(e) Imported pig iron is estimated to  
meet about 15 percent of the total demand  
for industrial users other than steel making.

(f) Production of pig iron within the  
country is not likely to have any adverse  
impact due to imports of pig iron.

[Translation]

**SHRI V. TULSIRAM:** Mr. Speaker, Sir, everybody knows that the pig iron produced in our country is of the finest quality. Iron is produced in Andhra Pradesh also. If the figures are available with him, will the hon. Minister please tell the House as to how much iron is produced in Andhra Pradesh annually? Besides, I would also like to know the names of places where exploration for iron ore is being conducted in the country as also where a break-through has been achieved. Secondly, we also import scrap iron and pig iron from abroad. As has been stated in the reply, as much as 1.9 lakh tonnes of pig iron and 20.60 lakh tonnes of iron melting scrap valued at about Rs. 51.3 crores and Rs. 549.26 crores respectively have been imported during the year 1988-89. If we look at the total value of import, it will be seen that a sum of Rs. 600 crores has been spent on import during one year. When we spend so much amount of money on importing iron, can we not spend more money on production of iron indigenously? Will the hon. Minister please explain the economy effected by resorting to import of iron instead of producing the same indigenously. What is the price being paid for the imported iron and what is the cost of iron produced in the country? Is the price of iron imported from abroad cheaper? Kindly give a comparative analysis.

**MINISTER OF STEEL AND MINES (SHRI M.L. FOTEDAR):** Sir, the question is about pig iron and a reference has been made to melting scrap also. So far as the question of pig iron is concerned, I would like to tell you... (*Interruptions*)

**SHRI BASUDEB ACHARIA:** Please use the Hindi equivalent of pig iron.

**SHRI M.L. FOTEDAR:** Pig means 'suar' in Hindi and pig iron means "Kuchcha Loha". I shall explain everything. (*Interruptions*) If you want to ask Hindi equivalent for any other word. I shall tell you that also. I am prepared for that also.

[English]

Sir, let me explain the position. So far as pig iron is concerned, I have indicated the figure. He wanted to know what is the total production in the country and what are our imports. I have indicated in my reply as to what is our total production in our country and what is the demand. I have said that we are importing about three lakh tonnes of pig iron from abroad. So far as the rest of it is concerned, we are producing indigenously. This number one.

Number two is that he has asked about melting scrap. We are not producing it locally in the country because with the modernisation of programme, the scrap is coming down. We are importing it from abroad. Our strategy is to use as much less scrap as possible. That is why we are permitting the new industries to come up which are using sponge iron. We are allowing the sponge iron base material industry to come up in the country. That is why sponge iron industry also has been given license. Sponge iron is an input material for the electric arc furnaces. That is our strategy.

[Translation]

**SHRI V. TULSIRAM:** Mr. Speaker, Sir, the hon. Minister has not replied to my question as to the quantity of pig to be imported during the next three years. He said that import, would be made after ascertaining the position of demand and production. Now I would like to ask him as to how much iron is produced *vis-a-vis* the demand for the same. So far as the question of next three years is concerned, it is we who will be in power at that time and we will make the imports, not you. You will put the question and we will give the reply. Is it not possible to produce iron in the country with the amount of foreign exchange spent by you on its import?

**SHRI M.L. FOTEDAR:** Mr. Tulsiram, as a matter of fact you must realise that your dream is not going to nationalise. You will not be able to form Government even in Andhra Pradesh, what to talk of outside your state.

The question is as to what is the total production in the country and what we are going to do in next three years. We will try our best to produce indigenously as much pig iron as possible and resort to imports from abroad if we are not able to produce the required quantity. Our steel is of high quality. We are trying to see that it is produced indigenously, but it costs more. It is a high valued item. Pig iron is cheaper. The expenditure in terms of foreign exchange involved on its import is on the lower side. That is why we import pig iron from abroad. It is our policy.

[English]

SHRIT.V. CHANDRASHEKHARAPPA:

Sir, in view of the fact that the Ministry of Steel has taken up modernisation and expansion of so many schemes, I would like to know from the hon. Minister regarding the take-over of the Visvesvaraya Steel Plant by the Government. The people of Karnataka are awaiting for this historic decision for the last several years. So, I would like to know from the hon. Minister what definite action has been taken in this respect. Even in the Consultative Committee meetings and on so many other occasions the hon. Minister has given assurance in this regard? What is the decision of the Government?

SHRI M.L. FOTEDAR: Sir, let me say that some time ago the Prime Minister had desired that the feasibility of taking over the Visvesvaraya Steel Plant in Karnataka should be examined. We have examined the feasibility in greater detail and depth. We are of the opinion that this plant is of national importance. It represents a national symbol of the statesman, the Metallurgist, Sir M. Visvesvaraya and I am happy to announce that Government has appropriately taken the decision to take over the plant during the first centenary of Jawaharlal Nehru. It is a tribute to Panditji as also to late Sir M. Visvesvaraya. We would like to make this plant economically viable. We have decided to take immediate and effective steps to take over the plant and have also ordered that the most modern sophisticated state of technol-

ogy should be adopted in this plant. This plant will be a unique plant so far as the production of strategic items of steel are concerned.

SHRI BASUDEB ACHARIA: Foundry units constitute basic industry and these units are starved due to short supply of pig iron. The situation in West Bengal in regard to supply of pig iron to these units is very serious. These units are not getting any pig iron for a long time. Even the spun pipe manufacturers are also suffering due to non-supply of pig iron. He knows better about the Keshorams' spun pipe unit because I have met him several times. A lockout has been declared there affecting 1,000 workers.

Will the Minister give a categorical assurance that the required quantity of pig iron for foundry units and spun pipe units of West Bengal will be supplied and due to non-supply of pig iron, these units will not suffer in future?

SHRI M.L. FOTEDAR: I may tell the hon. Member that we are more concerned about the foundry units because more and more people are involved here than the hon. Member's Government in that State is concerned. There was some shortage of pig iron sometime ago. I am happy to say that we have been able to make pig iron available in the market.

I may tell the hon. Member that only recently we have sent to Calcutta and Howrah during the last three months—April to June—about 47,000 tonnes of pig iron which is more than the corresponding period of the last year. From 1st July to 14th July, we have despatched 85,000 tonnes of pig iron to Calcutta only. Only yesterday, we have despatched 2,000 tonnes of pig iron to West Bengal. I can assure the hon. Members that they should not worry wherever pig iron is required. We will flood the market.

SHRI VEERENDRA PATIL: Sir, the announcement just now made by the Minister for Steel has come as a great relief to the people of Karnataka. So, on behalf of 40

million people of Karnataka, I would like to congratulate our revered Prime Minister and also our hon. Minister for Steel for this historic decision.

While saying so, I must also agree with him that this is a right step in right direction to perpetuate the memory of Sir M. Visvesvaraya. This is one of the oldest plants in the entire country which was set up in 1923. The hon. Minister has agreed just now that the size of this plant is not an economic size. This is the plant where ferrosilicon and ferrochromium special steel, which are in short supply today in the country, are being manufactured.

Therefore, I want to know whether Government of India is seriously considering of expanding this steel mill. The hon. Minister has just now agreed that they are manufacturing some special steel quantity which is in short supply. So, what is the programme so far as Government of India is concerned after taking over to expand it during the Eighth Plan period?

SHRI M.L. FOTEDAR: I may tell the hon. Member that we have directed the State Government to take over the plant as soon as possible. I won't say in terms of quantity or in terms of quantum of the steel but in terms of quality of steel. I have said that the best steel, which is of strategic importance, will be produced in this plant. We will adopt the most modern sophisticated state of technology so that we really become self-reliant in that strategic item of steel. That was the wish not only of Pandit Jawaharlal Nehru but of Sir Visvesvaraya also.

SHRIMATI BASAVARAJESWARI: Mr. Speaker, Sir, may I know whether the Government has received any revised proposal regarding the feasibility report of starting the Vijayanagaram Steel Plant and if so, when will the Government think seriously of starting the same, whether during the Eighth Plan or during this Plan itself?

SHRI M.L. FOTEDAR: Vijayanagaram

Steel Plant is an old plant...

SHRI V. SOBHANADREESWARA RAO: It has not yet been started.

SHRI M.L. FOTEDAR: You can say, it is an old-conceived plant. It was not taken up after 1977 because we had a national tragedy at that time and the process of planning had to be done away with. That is why this plant could not be taken up from 1977 till this date. We are making efforts now. You should not feel sad or embarrassed about all this.

PROF. MADHU DANDEVATE: But the tragedy was over in 1977.

SHRI M.L. FOTEDAR: The tragedy took place in 1977 and it was over on 3rd January 1980. That tragedy will never take place in this country again. I can assure you that. I hope all the hon. Members from Karnataka are interested in this. I am told that only last month a representation has been made to the Prime Minister. All of us are emotionally involved with this plant and that it should be taken up in right earnest. He has desired that a fresh look should be given to this plant immediately. We are exploring various alternatives as to how to revive this plant in Karnataka.

#### Withdrawal of IPKF

\*44. SHRI HET RAM†:  
SHRI MULLAPPALLY RAMACHANDRAN:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) whether Sir Lankan President has asked India to withdraw IPKF from Sri Lanka by the end of July, 1989;

(b) if so, the implications involved in unilateral declaration by the Sir Lanka President suggesting a deadline for the withdrawal of the forces; and

(c) the reaction of Government thereto?