

[English]

SHRI P.V. NARASIMHA RAO : Sir, one of the most direct reasons is that I am concerned with Human Resources. It is a matter of horses, so we send it to the Ministry which has some expertise in horses and they will give us the report after it.

[Translation]

SHRI C. JANGA REDDY : Let us know whether this enquiry had been entrusted to the C.B.I. and whether the Prime Minister's Secretariat, later on, stopped this enquiry ?

[English]

SHRI P.V. NARASIMHA RAO : My assurance was that only an inquiry would be conducted. Then when we looked for the agency which could conduct the enquiry in an expert manner we found that the Defence Ministry would be best suited to do that.

SHRI THAMPAN THOMAS : The Minister has just now said that an enquiry is being conducted regarding the purchase of horses. I would like to know, how much money was spent to purchase these horses and why the CBI enquiry is withdrawn and a departmental enquiry is ordered ? This is a serious matter though it involves the purchase of horses. We see that in every deal it is happening. You have appointed the accuser himself as a judge. So, why can't they appoint some other body to inquire into it and then again send it back to CBI for proper enquiry ?

SHRIMATI MARGARET ALVA : Sir, I would first of all like to clarify that there is no question of withdrawing it from the CBI. It never went to CBI, so where is the question of withdrawing it. It is true that Rs. 10 lakhs were given and we have got the accounts of this. Rs. 9,32,000 has been spent. Rs. 75,000 was given towards the expenses like the Air Fares and other such expenditure that was involved. The audited statement has been submitted to us by the Equestrian Federation of India, which is the

recognised organisation affiliated to the IOA and to the International Equestrian Federation. We have got the account. But since the questions were raised as to why horses died ; whether when they were purchased there was something wrong. That is why we said, let there be an expert enquiry into the condition of horses which were in the hands of the Army when the horses died and, therefore, we asked them to conduct a total enquiry. The Additional Secretary in the Ministry of Defence is the Chairman of the 3 member Committee which is enquiring into all this.

SHRI THAMPAN THOMAS : But can't you get the horses from Rajasthan or Bangalore ?

SHRIMATI MARGARET ALVA : Yes, I agree we do have horses but they do not come up to the standards required for international participation.

[Translation]

SHRI INDRAJIT GUPTA : We had thought that it would continue for quite a long time.

[English]

MR. SPEAKER : So, you have already surmised that.

PROF. MADHU DANDAVATE : Who and the Trojan horses ?

Small Integrated Steel Plants in Private Sector

*188 SHRI INDRAJIT GUPTA† :

SHRI AMAL DATTA :

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

(a) whether Government have decided to allow private sector companies to set up small integrated steel plants ; and

(b) if so, the details of the proposal ?

THE MINISTER OF STEEL AND MINES (SHRI M.L. FOTEDAR) : (a) No, Sir.

(b) Does not arise.

SHRI INDRAJIT GUPTA : Questions are put in Parliament with the purpose of eliciting some helpful information. Now, the question says, "Whether Government have decided". That is why, perhaps he has replied, "No, Sir", meaning thereby that the Government has not yet taken any decision. The question is whether there is any such proposal. Newspapers have reported that a number of applications from private parties are pending before the Ministry for setting up small plants in the steel sector. And Sir, as you know, according to the Industrial Policy Resolution which this House has adopted, Schedule A of that Resolution has reserved Iron and Steel exclusively for the public sector. Therefore, we have our misgiving. If these applications have been rejected and will continue to be rejected, it is all right. If they are under consideration and some of them may be accepted, it would amount to an amendment—quite a substantial amendment—of Schedule A of the Industrial Policy Resolution. I think such an amendment should be put before Parliament for its approval. I would like to know from the hon. Minister whether any such applications have come to the Government. If so, how many such applications have come? Are they under consideration?

Is it a fact that some of these applications are from some of the big business houses in this country like the Birlas, Somanis, and so on? So, what is the Government's actual attitude towards this whole question and are there any grounds in which they would like the private sector to enter this steel industry?

SHRI M.L. FOTEDAR : I would like to clarify that the Government has not done anything and shall not do anything against the basic concept of the Industrial Policy Resolutions of 1948 and 1956. The hon. member has asked a question whether the Government has decided any-

thing about the small integrated steel plants. We have not decided and we shall not decide in favour of the private sector in respect of new integrated steel plants.

(Interruptions)

So far as the public sector is concerned, I can assure the hon. member that it shall continue to assume the commanding heights in our economy. So far as Iron and Steel in Schedule A is concerned, it is there and it shall continue to remain there. So far as some applications are concerned whether these are of 'a' or 'b'.....

PROF. MADHU DANDAVATE : 'B' is Birla.

SHRI M.L. FOTEDAR : C for Somani?

SHRI THAMPAN THOMAS : A for Ambani !

SHRI M.L. FOTEDAR : So far as applications are concerned, anybody is entitled or anybody can make an application to anybody. It is not a question of who has made the application. The question is what we have decided about it. In case the rules and guidelines do not permit us, we are not going to do it. I can assure the hon. members.

SHRI SURESH KURUP : You can change the rules.

SHRI INDRAJIT GUPTA : If the position of the Government regarding Schedule A, particularly on Iron and Steel is as firm and uncompromising as the hon. Minister wants us to believe, then why should these industrialists take the trouble of filing applications? On what hope are they doing it, unless some indication is given to them? I want to know whether it is a fact or not that already one private sector company that goes under the name of Sunflag Group, run by some non-resident Indian by the name of one Mr. Satyadev Bharadwaj has two years ago been already allowed entry into this iron and steel sector and a two lakh tonne steel plant is coming up at Nagpur belonging to this particular group.

So, I would like to know if this is a fact, how this has happened, if there is such a watertight and cast iron tight position. How did this Mr. Satyadev Bharadwaj's Company manage to smuggle its way in, unless the Government allowed it?

Therefore, I would like to know whether any special consideration is under consideration for non-Resident Indians to enter this field of setting up of the private sector steel plants?

PROF. MADHU DANDAVATE : It might be taken over like Maruti.

SHRI M.L. FOTEDAR : The hon. Member has specifically asked about any small integrated steel plant. In the steel industry we have different types of industries. (1) Integrated Steel Plant, (2) Mini Steel Plant, (3) Composite Steel Plant, (4) Sponge Iron Plant, and (5) Small units.

So far as Integrated Steel Plant is concerned, we have not so far allowed any Integrated Steel Plant to come in the private sector.]

SHRI INDRAJIT GUPTA : So far !

SHRI M.L. FOTEDAR : Yes so far. We had not proposed and we shall never do that. But so far as the composite steel plant is concerned, the hon. Member said that it is two lakh tonnes. We are aware that already about one or two three decades ago, one firm had already taken a licence for 2 million tonnes. Upto 2 million tonnes, we do allow the private sector to make steel as also in the down stream industries but not as an integrated steel plant.

There are many private sector industries which are dealing in that. The mini steel plants are run by them and also some composite steel plants are running.

So far as this industry is concerned—Sunflag—this has not been done either against the Government's guidelines or against the rules. I do not know when it was done—whether it was in 1985 or some

other year. He is an NRI. The Parliament has decided and also the Government that we must increase the NRI's investment in the country. This industry will deal with sponge iron.

SHRI BASUDEB ACHARIA : So, it is not an integrated steel plant.

SHRI M.L. FOTEDAR : No. It is not an integrated steel plant.

SHRI INDRAJIT GUPTA : It will be a composite plant.

SHRI M.L. FOTEDAR : It will be a composite plant. It comes within the definition of composite plant. Basically the Government has done it because we want the sponge iron industry to grow in the country. We have now delicensed the licensing of the sponge iron industry in the country. Many people I think about 100 or 120 in number, have rushed into register their names. But I am sorry to say that only four or five or ten industries have come up so far in this sector. Our policy with this technology has changed. We must use more sponge iron and less scrap so that our dependence on imported scrap decreases day by day and we use the sponge iron in the steel industry.

SHRI ANAND GAJAPATHI RAJU : Mr. Speaker, Sir, I would like to know from the hon. Minister whether small integrated steel plants are cost inefficient and also energy inefficient but they provide jobs and they relieve the congestion as far as the transportation cost is concerned. So what is the policy of the Government regarding starting of the small steel plants in terms of cost ; in terms of its efficiency ? Would the Government be kind enough to start a small steel plant integrated steel plant—in Andhra Pradesh to provide employment because, the main steel plant, is taking a lot of time ? The main steel plant which has come up in Visakhapatnam is not yet complete. So, will at least the Minister consider setting up of another small steel plant composite or whatever it is so that employment is created and the areas benefited by the down stream industries ?

SHRI M.L. FOTEDAR : I am sorry. I want to be corrected whether I have said 2 million tonnes or two lakh tonnes—it must be two lakh tonnes. I stand to be corrected, it is two lakh tonnes.

The hon. Member has said about Andhra Pradesh. I must tell him that he must feel grateful that the Government and personally he must be grateful, to the Prime Minister, who got Visakhapatnam Steel Plant included in the Seventh Five Year Plan.

SHRI ANAND GAJAPATHI RAJU : We are grateful and at the same time we are anticipating developments.

SHRI M.L. FOTEDAR : You just listen to me and have patience.

So far as this Visakhapatnam steel plant is concerned, I may inform the hon. Member that the work there is going on round the clock; and we propose to commission the first phase by December 1988. That is the main integrated steel plant.

So far as integrated steel plant is concerned, I think I have already made my position very clear, viz. that the Government does not at all propose to give it to the private sector. *(Interruptions)*

I will come to the Industrial Policy Resolution also. Number 3: the hon. Member has asked why should not the small industry come up? I think he belongs to Vijayanagaram. Already, somebody has registered a small industry for the sponge iron. So far, it has not come up. Even in Visakhapatnam, somebody has registered a sponge iron plant, but it has not come up so far. He may be having this impression, and rightly so, that some small units in the private sector are not producing the desired results. Recently, Government has decided to modernize these existing small units in the private sector. I think these small units number 163. This has been done with a view that there will be reduction in the consumption of power. This is number one; number two: there will be improvement in the quality of the steel produced; number three: there will be increased consumption of sponge iron, and reduced

consumption of imported scrap; and No. 4: there will be improved productivity.

We have recently decided to allow these existing small units in the steel industry which are in the private sector, to modernize their units and get the latest technology available in the world. We are planning to permit such units. Suppose any plant has 10,000 tonnes capacity per year, we may permit them to have exported capacity by 150% more than the existing capacity.

The last question that emanates from this is about the Industrial Policy Resolution. Mr. Indrajit Gupta will also go through it. Our first preference, as per the Industrial Policy Resolution is the public sector. The second is the joint sector. But if Government at any time wants to do, in the national interest, it can involve and seek the cooperation of the private sector also. So far, we have not sought the cooperation of the private sector, except that the private sector industry in steel which existed at that time, i.e. at the time of passing of the Industrial Policy Resolution, 1956, only that industry has been allowed to remain in the field so far as the integrated steel plant is concerned.

SHRI M. Y. GHORPADE : As the hon. Minister is aware, an integrated steel plant was to be set up at Vijayanagar, near Hospet, the foundation for which was laid by the late Prime Minister, Shrimati Indira Gandhi. That decision was taken at a time when the country was contemplating an increase in steel production, of the order of 1 million tonnes per annum; but, unfortunately, that order of increase did not take place. I want to know from the hon. Minister: not that we have reached a stage which even the expansion of the steel plants is almost complete, and we want to step up steel production, will the hon. Minister give an assurance, or tell us that the idea of the Vijayanagar steel plant has not been given up? This is number one; number two: the natural priority for the Vijayanagar steel plant which was very sound, because of the thousand million tonnes of iron ore in that area, will be kept in mind when the country decides to add fresh steel capacity to the existing

steel capacity in the country. I am asking two specific questions: (1) you have not given up or shelved the idea of the Vijayanagar steel plant; and (2) you will keep it in mind whenever the country wants to expand or add fresh steel capacity in the country.

SHRI M. L. FOTEDAR: I can tell the hon. Member that the Vijayanagar steel plant could not be taken up because of financial constraints.

He knows what happened in 1977. As a result of the national tragedy which occurred in 1977, the whole plan became a rolling plan....

(Interruptions).

Will you excuse me? I don't want to hurt you. I am just narrating a part of the history without hurting anybody.

(Interruptions).

PROF. MADHU DANDAVATE: He only abuses us. That is all.

(Interruptions)

SHRI M. L. FOTEDAR: Without hurting the sentiments of my friend Mr. Dandavate, I am just narrating a part of the history of India because of the change in priorities, change in so many things the plan became a rolling plan. Now because of the financial constraints, it will not be possible to take up this plant in the Seventh Five Year Plan;

(Interruptions)

No funds are available in the Seventh Five Year Plan.

(Interruptions)

[Translation]

SHRI DAMODAR PANDEY: Mr. Speaker, Sir, the hon. Minister has just now referred to the small steel plants. I would like to ask the hon. Minister that for use in major steel plants, Coking coal is imported and now when small steel plants

or sponge iron plants are being set up, whether non-coking coal, which is available in plenty in our country, would be used in these small steel plants instead of coking coal which is imported so that foreign exchange could be saved?

SHRI M. L. FOTEDAR: I would like to tell the hon. Member that existing small plants are operated with the help of electric arc furnances. As a result of modernisation, there would be saving of power as also of other things.

[English]

**Modernisation of Rourkela steel plants
with West German Assistance**

*190. SHRI HARIHAR SOREN† :

SHRI PRATAPRAO

B. BHOSALE :

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

(a) whether West Germany has proposed to finance further expansion and modernisation of Rourkela Steel Plant;

(b) if so, the total amount proposed to be provided by West Germany for expansion and modernisation programme;

(c) the negotiation made by his Ministry with West Germany in this direction; and

(d) the details thereof?

THE MINISTER OF STEEL AND MINES (SHRI M. L. FOTEDAR) : (a) to (d). A Statement is given below.

STATEMENT

(a) to (d). No, Sir. An Aide Memoire was handed over by the Indian Government to the West Germans concerning the modernisation of Rourkela Steel Plant. The West German Government have expressed their interest in the project. However no formal proposal has yet been made to the