

12.07 hrs.

PAPERS LAID ON THE TABLE

Industrial Employment (Standing Orders) Central Amendment Rules, Government Resolution Re: appointment of a Central Wage Board; Statement re: ratification of ILA Convention concerning Workmen's Compensation for Occupational Diseases.

The Deputy Minister in the Ministry of Labour and Employment and for Planning (Shri C. R. Pattabhi Raman): I beg to lay on Table a copy of each of the following papers:

- (i) The Industrial Employment (Standing Orders) Central Amendment Rules, 1964, published in Notification No. GRS 208 dated the 8th February 1964, under sub-section (3) of section 15 of the Industrial Employment (Standing Orders) Act, 1946, [Placed in Library, see No. LT-2395/64]
- (ii) Government Resolution No. WB-17(2)/63 dated the 25th February 1964 regarding appointment of a Central Wage Board for the non-journalist employees of the newspapers establishments; [Placed in Library, see No. LT-2431/64]
- (iii) Statement regarding ratification by India of the ILO Convention (No. 42) concerning Workmen's Compensation for Occupational Diseases (Revised, 1934) [Placed in Library, see No. LT-2432/64].

12.08 hrs.

STATEMENT RE: DISTRIBUTION
OF STEEL

Mr. Speaker: The Minister of Steel, Mines and Heavy Engineering.

The Minister of Steel, Mines and Heavy Engineering (Shri C. Subramaniam): Mr. Speaker, Sir, I rise . . .

Mr. Speaker: Does he desire to read the whole of it?

Shri C. Subramaniam: It is not a short statement. I would rather read it. (*Interruptions*). I am in the hands of the House.

Mr. Speaker: Yes.

Shri C. Subramaniam: I rise to present a statement of Government's decision regarding the planning of production and control over pricing and distribution of iron and steel.

2. *Raj Committee—Terms of Reference.*—Members of the House are aware that owing to persistent complaints received from time to time in the past regarding the working of the present system of planning and distribution of steel, the Government of India, in September, 1962 had appointed a Committee popularly known as the Raj Committee under the Chairmanship of Dr. K. N. Raj to examine the entire system.

3. *Raj Committee—its findings.*—The Committee submitted an interim report in January 1963 and its final report in October, 1963. In its appraisal the Committee has pointed out a number of defects in the present system, such as delays and defects in the planning of indents, uncertain delivery dates, imprecise definition of priority, ineffective allotment and poor execution, long delays in deliveries of steel, black marketing, inability of the small consumer to obtain his requirements at controlled prices, and a pricing system which does not take into account the relative costs and demand conditions.

4. The principal recommendation of the Committee was that a Joint Plant Committee of the steel plants with the Iron and Steel Controller as the Chairman should be set up with the responsibility of planning production and settling rolling programmes in the light of broad priorities indicated by Government. In order to secure

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more flexibility in the fixation of relative prices of different categories of steel, the Committee should also be responsible for fixing producers' prices subject to the approval of Government. The Committee recommended that beyond this stage there should be no control over prices and if too wide a gap developed between such prices and free market prices, Government should absorb the difference by a levy of appropriate excise duties. While recommending the continuance of freight equalisation products of the main producers, the Committee recommended discontinuance of freight equalisation as well as removal of all controls on rerollers. The Committee further recommended that the system of controlled and registered stockists should be abolished and all should be free to trade in steel.

5. *Consideration of Raj Committee's Report.*—Both the interim and final reports of the Raj Committee were widely circulated and the views of the public including producers were obtained. There was a general discussion on the report in the Iron and Steel Advisory Council in November, 1963. Subsequently the report of the Committee was also examined by a group of Secretaries to the Government of India. I have also had the privilege of discussing this subject informally with the Consultative Committee of Parliament. Based on these views and discussions with other Ministries, we have arrived at certain final decisions, which it is my privilege to announce today.

6. *Government's approach to Controls.*—Government's approach to controls in the economy has been spelt out on a number of occasions in the recent past. While a system of over all strategic controls is an integral part of a planned economy and while controls must be used to protect the community in a situation of shortage, we have to ensure that controls are not too detailed, that they do not

bring rigidities and abuses in their wake and above all do not become a vested interest continuing beyond the period when they are economically and socially necessary. It has, therefore, been the Government's declared intention to examine how far and how best they could reduce the operations of detailed controls at various points.

7. The general expression 'steel' embraces a variety of categories, shapes and forms required for different purposes. A detailed study of present and the prospective production shows that certain categories of steel, viz., flat products like plates and sheets will continue to be scarce for the next few years. Production at present is hardly enough to meet half the demand and is not likely to increase sufficiently until the expansion of the Roarkela Steel Plant now under way is completed in about three years' time. Government have, therefore, decided that it is necessary to continue in its present form control over the distribution and prices of flat products of steel. On the other hand, with all steel plants producing to full capacity the supply position of non-flat products, such as bars and rods, structurals, rails etc. is relatively good. There will be also an increase in the production of these products in the near future. Government, have, therefore, come to the conclusion that the continuance of rigid control is no longer necessary. On the other hand, greater freedom will enable the pattern of production of various categories to respond more sensitively to the requirements of consumers. Government have therefore, decided to abolish with effect from the 1st March, 1964, statutory control over the price and distribution of all categories of steel, except pig iron and ingot moulds and bottom plate, billets and tin bars, plates, sheets, and wide strip, skelp, tin plates, hoops and their respective defectives. These excepted categories will, as I said earlier, continue to be controlled. So will pig iron the

supplies of which are extremely tight compared to demand and billets which it is necessary to provide re-rolls at a fixed price in order to enable them to continue in production in competition with the main steel producers.

8. Indents for categories of iron and steel which continue to be controlled will have to be backed by quota certificates as hitherto. The revised prices of these categories taking into account the changes introduced by the Finance Bill have been separately notified.

9. In the case of de-controlled categories—which constitute about two-thirds of the total production—government themselves will no longer fix prices. But we expect that the Joint Plant Committee which has been constituted with immediate effect in pursuance of the main recommendation of the Raj Committee, will announce and list prices—base prices as well as extras—from time to time. These will be ex-works prices. In order to continue the present system under which buyers of steel all over the country pay the same railway freight irrespective of the distance from the source of supply, the Joint Plant Committee has been directed to add a fixed element of equalised freight to the ex-works price announced from time to time. The main producers will of course continue to pay the actual freights and will make appropriate adjustments with the Freight Equalisation Fund which will hereafter be administered by the Joint Plan Committee. As a matter of practical convenience the Joint Plant Committee will also perform these functions for categories which continue to be controlled.

10. The Joint Plant Committee which is being immediately set up and will be holding its first meeting to-day, will consist of representatives of the main producers and the railways with the Iron and Steel Controller as Chairman to guide the

deliberations and to resolve differences of opinion. The main function of the Committee will be the Planning of production both of the controlled and de-controlled categories. The object of such planning is to make the best use of productive capacity on the one hand and to respond as quickly and sensitively as possible to the requirements of the consumers on the other. With closer knowledge of the plants and day-to-day access to the conditions of production, I expect an organisation of this character to perform this function more expeditiously and efficiently than it has been possible before; particularly if they adopt, as I hope, mechanised methods of handling information and documents. In the planning of production the Committee will give effect to priorities determined by Government from time to time. Government accept the recommendation of the Raj Committee that priorities, in order to be meaningful, should be restricted to really urgent and essential needs. Bulk allocations of steel for such priority purposes will be made by a high level Steel Priority Committee which is being set up under the Chairmanship of the Secretary, Department of Iron and Steel.

In effect, the re-rollers will be virtually free from all control, as with an odd exception or two, they are engaged in the rolling of non-flat products. The prices which they can obtain in the market will naturally have to be in line with the prices of similar materials sold by the main producers. In order to enable re-rollers of reasonable efficiency to continue in production and sell their products in competition, the prices and distribution of billets will continue to be controlled as I stated earlier. The Steel Re-rolling Mills Association is, however, being asked to announce and list periodically the prices at which they sell their products. The Iron & Steel Controller will be responsible to make bulk allocations of billets and will continue to keep a watch on the activities of re-rollers.

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11. The Raj Committee has recommended that everyone should be free to trade in steel. This will hereafter be the position in respect of all de-controlled categories of steel. In the case of categories which continue to be controlled, the existing controlled and registered stockists will function as usual for some time to come. After this transitional period, there will be no distinction between controlled and registered stockists.

12. Hon'ble Members are aware that during the long period of control we have maintained a Steel Equalisation Fund, the principle object of which has been to maintain parity between the prices of imported and indigenous steel by levy of surcharge or payment of subsidy as the case may be. Freight equalisation and a variety of minor consequential transactions have also been put through this Fund. Now that freight equalisation will be entrusted to the Joint Plant Committee and statutory control over price is abolished in the case of the bulk of production, there is no further need to continue the operations of Equalisation Fund. Accruals to the Fund and payments from the Fund resulting from previous transactions will, however, have to continue. Government have decided that as from the 1st March, there shall be no new transactions involving payment either to or from the Equalisation Fund. This means that there will be no longer any distinction between sale prices and retention prices—whether in the case of controlled or uncontrolled categories—and, therefore, no surcharges. Mainly for this reason, the excise duties on various categories of steel have already been suitably revised. Government have also sought powers under the Finance Bill to raise excise duties further should it become necessary to do so because of market prices rising unduly.

13. The Raj Committee has commented on the abuses of the present

system under which barter imports have been allowed to be sold to nominees of the importers' choice. Government have examined this question and are thinking in terms of routing all such imports only through the Mineral and Metal Trading Corporation or through the Joint Plant Committee. Government propose to further examine this matter and take a final decision shortly.

14. Before I conclude, I must express Government's appreciation of the work done by the Raj Committee which has ably analysed the problem and suggested a number of fresh ideas. I am aware that during the change-over from the present to the new system all concerned—producers, stockists, consumers and Government—will have to make a number of adjustments. But I am sure that these will be found well worthwhile and will lead to better utilisation of productive capacity in response to the changing needs of consumers.

Shri Hari Vishnu Kamath (Hoshangabad): On a point of clarification I welcome the statement but it is not so short as he promised it to be.

Mr. Speaker: He said that it was rather long.

Shri Hari Vishnu Kamath: He said that it was rather short.

Mr. Speaker: I heard it was rather long.

An Hon. Member: May we request that it be circulated?

Mr. Speaker: All right. I will get it circulated.

12.11 hrs.

APPROPRIATION (RAILWAYS)
BILL*, 1964

The Deputy Minister in the Ministry of Railways (Shri S. V. Ramaswamy): Sir, on behalf of Shri Dasappa, I beg to move for leave to introduce a Bill to authorise payment

*Published in Gazette of India, Extraordinary Part II—Section 2, dated 2-3-64.