

LOK SABHA DEBATES

I

2

LOK SABHA

Wednesday March 1, 1978/Phalguna
10, 1899 (Saka)

The Lok Sabha met at Eleven of the
Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

MR. SPEAKER: Q. No. 122; Shri
Kalyanasundaram.

SHRI M. KALYANASUNDARAM:
Sir, before putting the Question, I
have a point of order.

श्री हुकम चन्द कछवाय : प्रश्नकाल में
व्यवस्था का प्रश्न नहीं उठता है। सदन का
समय खराब नहीं होना चाहिये।

SHRI M. KALYANASUNDARAM:
I want to make a submission. My
submission is that Questions and Ans-
wers are not confined only to the Mem-
ber who puts a Question and the Minis-
ter who answers it. I want the state-
ment to be read. In the Answer
distributed, I saw the reply of the
Minister saying, "A statement is laid
on the Table of the House." There
should be some difference between
statements and answers. Answers
themselves cannot become statements.
The statements are only intended to
substantiate the facts given in the ans-
wers. Here the answer may be
little lengthy. But I would request
the Minister to read out the state-
ment so that other Members may
also benefit.

3740 LS-1

MR. SPEAKER: It is upto you to
change the procedure. But until the
procedure is changed, the present prac-
tice continues.

SHRI M. KALYANASUNDARAM:
I am only making a submission. This
is a deviation from the procedure.

MR. SPEAKER: There is no devia-
tion; you please put the Question.

Blending of Portland Cement with Pozzolana

*122. SHRI M. KALYANASUNDA-
RAM: Will the Minister of INDUS-
TRY be pleased to state:

(a) whether Government have per-
mitted the cement manufacturers to
blend portland cement with Pozzolans
and to sell it at higher price;

(b) whether Government's atten-
tion has been drawn to the news item
which in "New Age" weekly dated
5th February, 1978 in this regard
captioned "Rs. 93 crores Bonanza for
Cement Tycoons"; and

(c) if so, the details and Govern-
ment's reaction thereto?

THE MINISTER OF INDUSTRY
(SHRI GEORGE FERNANDES): (a)
to (c). A statement is laid on the
Table of the House.

Statement

(a) to (c) Government have seen the
report in the New Age weekly dated
5th February 1978 under the cap-
tion "Rs. 93 crores Bonanza for
Cement Tycoons." The report contains
two allegations viz., that Government
have permitted the cement manufac-
turers to blend portland cement with
pozzolana and have also increased the
price of cement by Rs 17/- per tonne
in order to benefit the cement manu-
facturers. The report is incorrect

and based on mis-conceptions. The correct position in respect of these two matters is set out below:

(i) *Portland Pozzolana Cement:*

Portland Pozzolana cement is an internationally accepted variety of cement and has been manufactured in the country since 1965. This is produced by inter-grinding pozzolanic materials with portland cement and not by intermixing portland cement with pozzolanic materials as alleged. The Indian Standards Institution have laid down specifications for ordinary portland cement and portland pozzolana cement. Portland pozzolana cement is particularly suited for specific areas for its sulphate resistance. The question of a differential price for pozzolana cement had been considered by the Tariff Commission but not recommended.

(ii) *Increase in price of cement:*

Shortages in the supply of cement had developed on account of higher demand for consumption for public works as well as for agriculture, industry and housing. Substantial quantities of cement were also required to repair ravages caused by cyclone in Andhra Pradesh and Tamil Nadu. Government, therefore, decided to permit the import of about 1 million tonnes of cement to meet the additional demand. As the landed cost of the imported cement is higher than the cost of indigenous cement, Government decided to pool the price and increase the f.o.r. destination price of cement by Rs. 17/- per tonne with effect from the 7th January 1978. This increase does not benefit the cement manufacturers as there has been no increase in the exports or retention price of cement.

SHRI M. KALYANASUNDARAM: May I request you to direct the Minister to read the statement?

MR. SPEAKER: That will take a long time. The statement has been available to you.

SHRI M. KALYANASUNDARAM: It is available to me. But what about other members?

MR. SPEAKER: It is available to all, whoever wanted it. You put your supplementary.

SHRI M. KALYANASUNDARAM: The answer contained in the statement is misleading. The question is whether the cement manufacturers were allowed to change the quality of the cement. You can call it by whatever name you like, it may be called blending or whatever may be the description. They are adding an inferior variety of stuff called 'Pozzolana' to the Portland cement, thus reducing the quality of cement itself. The quality of cement is reduced, but they have given another explanation about the increase in prices. The quality of cement is reduced by adding Pozzolana cement to the Portland cement during the process of manufacture itself. Why should this concession be given to the manufacturers? The cost of construction is one point. My second point in the first question is: did the manufacturers approach the Government for changing this quality? Did the Government study the implications before giving permission for this blending? Adulteration is there on a very big scale. Cement is not actually short, but there is a huge black-market; even in a city like Delhi, people complain that they cannot get a quality cement. Adulterated cement is there and that too is sold at a black-market Price. In such a situation, what is the justification for the Government of India to allow this so-called blending?

SHRI GEORGE FERNANDES: The question was actually whether the Government's attention has been drawn to the news item in *New Age*. The *New Age* is a weekly journal of the Communist Party of India of which Mr. Kalyanasundaram, the hon. Member, is also a member. I had to make a statement, a long statement and lay it on the table of the House because that report is a long one.... The questions that he has now raised are also based on the report that has

appeared in *New Age*. The report itself is based on the total mis-conception and perhaps ignorance of what is exactly the whole industry about and what Pozzolana cement is about and also about the prices because price is one of the questions. In fact, the headlines of the report is: "Rs. 93 crores Bonanza for Cement Tycoons" and it is all about the socialist Mr. George Fernandes going out to please tycoons in the cement industry. As far as point one is concerned, there has been no ex-factory increase in prices in cement. The cement manufacturer in this country has got one paisa more. There has been an increase of Rs. 17 at the retail point per ton which has been rounded to a rupee per bag on an average per ton. This was because we are importing just now about a million tonnes of cement and the cost of imported cement is exactly twice the price of cement that is produced indigenously and that is available at the retail outlets. Either we have to take that money to the ex-chequer or we have to take care of that increase by bringing about a slight increase in the overall price of cement. We chose just the latter course and there has been one rupee increase in the price of cement at the retail points. But this money goes into the cement regulation fund from where necessary adjustments are made to cover the increased cost of import and freight. This is one aspect. So, there is no bonanza to anybody.

Now, in so far as Pozzolana cement is concerned, again there seems to be a total ignorance on the part of those who have prepared this report. Pozzolana cement is not a new formula that we have evolved in this country; Pozzolana cement along with grey Portland cement and slag cement are the three major qualities of cement that are available. In this country, last year the amount of Pozzolana cement that was produced would be of about a million tonnes out of roughly 20 million tonnes of cement that we produced. In 1976, it was 751,000 tonnes. So, this is not something new that has been suddenly introduced by the new

Industry Minister. In 1976, it was 751,000 tonnes; in 1975, it was 8,57,000 tonnes. Now, over a number of years, Pozzolana cement is being manufactured in this country; Pozzolana cement is where we use fly ash mix it grind it with the grey Portland cement in a certain proportion. And the cement is marketed with ISI specifications just as there is the slag cement marketed under ISI specifications, there is the grey portland cement marketed under ISI specifications. No cement manufacturer has approached us for any special consideration to be given to them, because, it is open to any cement manufacturer to produce pozzolana cement or slag cement. In fact, a lot of slag has been wasted in this country over the years, particularly in the steel mills. We are not going in for additional cement plants. We are trying to attach cement plants to the steel mills so that the slag that is now wasted can be converted into cement and slag cement is made.

So far as the quality is concerned, the ISI takes care of the quality aspect, and I do not see any problem in so far as the pozzolana cement concerned. There is only one other point, and that is that cement is being black-marketed in Delhi and elsewhere. It is true that there has been inadequate availability just now, that is essentially because adequate forward planning was not done in the past. We are at the moment short on cement by about one and a half to two million tonnes. We are importing cement and are making good that deficit. If there is black-marketing, at the level of the Government we are doing whatever we can. Some months ago when black-marketing was at a fairly high rate, I wrote letters to all the political parties in this country. There are 24,000 retail dealers in cement. I appealed to the political parties to form some kind of Vigilance Committees and attach themselves to these retail dealers. I appealed to the State Governments: I appealed down to the District Magistrate level, to see that black-marketing in cement was ended. We are doing all that we can in this respect.

MR. SPEAKER: Please ask your second question.

SHRI M. KALYANASUNDARAM: On the answer to my first question itself, I want some clarifications....

MR. SPEAKER: No. Ask your second question.

SHRI M. KALYANASUNDARAM: My second question is this. The pozzolana cement as admitted in the statement and also by the hon. Minister on the floor of the House, is inferior to the portland cement. May be, it is required for some other jobs, but when they produce an inferior quality of cement, the price is remaining the same! Leave alone the increase now sanctioned for meeting the imported cost. Did Government not think it necessary to reduce the price also to match with the quality of the cement. Why did they permit the price to remain the same?

Secondly the biggest consumer of cement is the Central Government, the State Governments and the local administration. When that is so, will the Government consider whether the cement industry as such could be nationalised in order to avoid all these difficulties?

SHRI GEORGE FERNANDES: I never said that the pozzolana cement was inferior in quality. Each cement has its own quality. There is the pozzolanaz cement, there is the grey portland cement, there is the slag cement. These are the three major different varieties of cement. Each quality has its own virtues its own general quality of it.

Now, so far as the price aspect is concerned, the Tariff Commission went into the price question some years ago, and the factories are receiving a certain retention price. Some of the factories are today not even able to really make good. There are units that are on the sick list in the cement industry for a variety of reasons. In the new factories that we are setting up, the costs are going up much more. In fact, the whole price question calls for reconsideration at certain future

point of time. Therefore, to say that manufacture of pozzolana cement by any particular unit in a certain percentage where fly ash or slag is available, is given to that unit as a special favour is not true. The price has been worked out by the Tariff Commission and there is a certain retention price that is available to all the cement units in this country.

So far as Government using the cement in large quantities is concerned—the State Governments and the Central Government in various public works—this has been going on over a period of time. There is nothing new or special about it today.

We have just now no plans to consider the proposal made by the Hon. Member about nationalisation of cement units.

SHRI VINOBHAI B. SHETH: Sir, we exported cement in the previous year but this year we are importing it. What is the average loss to the country due to this export-import policy of cement?

Secondly which is the port of import? I have come to know that the Ministry has selected Bombay as the port for import of cement. Will you please diversify the selection so that it is distributed to all the major ports of the country?

SHRI GEORGE FERNANDES: We did some export of cement last year and the year before but this year we have stopped export of cement because we have discovered that in view of the over-all situation exports should be stopped. We are now importing it because there is a shortage and it is necessary to import cement as long as the shortage continues and until such time as we are not able to increase our own production.

In so far as ports are concerned, we are not importing cement only at Bombay; it is now being imported at Cochin, Madras and Visakhapatnam also and

we have issued instructions that ships should be diverted to all the ports in the country so that imported cement is available uniformly all over the country.

SHRI K. LAKKAPPA: My hon. friend Shri George Fernandes has conceded that there has been an increase so far as black-marketing of cement is concerned. It has also been brought out that there is mixing of Pozzolana cement with other cement and thus, a sub-standard cement is being sold, which is not useful for building purposes.

It has also been stated by the Minister that thousands of dealers of cement are spread throughout the country and that they have no control over the dealers.

I would like to know whether, in order to see that black-marketing is stopped, the Government would be able to take over at least the distribution system from the manufacturers of cement. There should be not only fair distribution throughout the country but also distribution of good quality cement.

SHRI GEORGE FERNANDES: In so far as the quality of cement is concerned, there seems to be total confusion. I would like to reiterate that Pozzolana is not an inferior cement; it is as good as any other cement and it is used in certain areas in particular situations. It is particular variety of cement. I would therefore like the Hon. Member to clear his mind about the quality of cement.

In so far as the distribution aspect is concerned it is not possible for the Government to look after the distribution of 24000 retail outlets. As of now, there is a uniform distribution that we have in operation. So, there is no problem about distribution, but there is a shortage and that shortage is being taken advantage of by certain unscrupulous traders....

SHRI K. LAKKAPPA: I would like to clarify my question.

MR. SPEAKER: No, You have put your question and he has clearly understood it.

SHRI K. LAKKAPPA: I would request you to hear with me—.

MR. SPEAKER: No, I am not allowing it; he has understood your question.

SHRI K. LAKKAPPA: He was in the process of answering my question. Will you at least let him continue his answer about taking over the distribution system?

MR. SPEAKER: If he has anything more to say about the distribution system, he may continue.

SHRI GEORGE FERNANDES: I was saying that there is an adequately fair distribution system; there is equitable distribution in so far as geographic areas are concerned. But unscrupulous traders are taking advantage of the shortages and we are trying to take care of that.

श्री राममूर्ति : मैं माननीय मंत्री जी से जानना चाहता हूँ कि क्या उन की नोटिस में यह आया है कि सीमेंट में पिडोल बहुत बढ़ी मात्रा में पूरे देश के अन्दर मिलाया जाता है और चूँकि पिडोल का रंग और सीमेंट का रंग एक सा होता है इसलिए उसके मिलाने से भेद मालूम नहीं पड़ता है? पिडोल काले रंग की एक मिट्टी होती है। उसके मिलाने से सीमेंट की शक्ति बहुत घट जाती है जिससे जो इमारतें बनती हैं उनके लिटर्स और दीवारों वगैरह को बहुत क्षति पहुँचती है और वे गिर जाया करते हैं। इसको रोकने का कोई इतजाम सरकार को निगाह में है ?

श्री जार्ज फर्नान्डेज : हमारे पास अभी तक कोई शिकायत तो नहीं आई है लेकिन जैसा मैंने कहा सीमेंट का इस्तेमाल समूचे देश में होता है और हर स्तर पर सभी अगर सचेत और जागरूक रहें तो इसका जवाब देने का काम आसानी से हो सकता है।

SHRI R. VENKATARAMAN: Sir, we have been using the expression pozzolanic material, but the pozzolanic material is really volcanic ash containing silica, alumina, lime etc. which is found in the lava of volcanoes. The material which is used in India for the manufacture of pozzolana cement has none of these things; neither alumina is there, nor silica is there; but it has only fly ash coming from our power stations, Ennore and other power stations. It is just ash, which is being used.

My point is that pozzolana cement takes longer time to set. The hon. Minister said that there is no difference. It is an expert opinion that pozzolana cement takes longer time to set than the other cements, and to that extent, therefore, there is some inferiority in quality. In view of the lower cost, would the hon. Minister consider reducing the retail price of the pozzolana cement to the consumers?

SHRI GEORGE FERNANDES: The price of cement today is based on various factors. The end price of grey portland cement is fixed by taking into account the cost of inputs for pozzolana cement and slag cement. The tariff Commission worked out a certain price structure; I do not see any need now to disturb that price structure, because if there is a certain reduction in the cost of producing a certain variety, there is certain extra cost in producing certain other varieties of cement. All these factors have been taken into account and I do not see any need to change the price structure now.

C.B.I. Investigation into corrupt Practices by B.H.E.L.

*123. **DR. SUBRAMANIAM SWAMY:** Will the Minister of INDUSTRY be pleased to state:

(a) whether the CBI has been or is currently investigating reports of irregular or corrupt practices of the Bharat Heavy Electricals Ltd. (BHEL); and

(b) if so, the details and nature of such investigation?

THE MINISTER OF INDUSTRY (SHRI GEORGE FERNANDES): (a) and (b). Yes, Sir. A statement is laid on the Table of the House.

Statement

On receipt of information, in July, 1977 that certain officials of Bharat Heavy Electricals Ltd. (BHEL) had abused their official position in connection with the export orders secured by them from Libya and Malaysia by sharing the commissions paid to the local agents and deriving pecuniary benefits, preliminary enquiries were made by the CBI. However, after receiving clarifications and information they decided not to make any further enquiry in regard to these allegations.

2. In regard to another allegation of award of various contracts and orders placed by BHEL on a firm of one Shri R. K. Swamy, Advertising Agents involving alleged irregularities and malpractices the CBI are currently enquiring into the matter.

3. It is also reported by BHEL that there are ten other cases where CBI is