

there may not be many people in the international field to sell the same product and there may not be competition. But if the Cotton Federation of Andhra has long staple with it, we will sympathetically consider exports from there.

PROF. MADHU DANDAVATE :
Some good supplementaries may be put from the Chair.

MR. SPEAKER ? I will only get the positive answer. Yes, Mr. Reddy.

SHRI ERASU AYYAPU REDDY :
Sir, I would like to know from the hon. Minister whether the principal cotton growing States are consulted in determining the export policy and is there any possibility of the *kisan* lobby being represented before determining this export policy. The general impression is that immediately after the harvest, the prices are going down. Cotton goes into certain quarters and then the prices go on shooting up after the *kisan* is deprived of his produce. Therefore, I would like to know whether the principal States are consulted before determining the cotton export policy.

MR. SPEAKER : The question is what steps can we take to forestall any such happenings? We should be prepared. Prevention is always better than cure.

SHRI P. A. SANGMA : We will try to find out a way.

PROF. N. G. RANGA : The cotton Corporation goes to sleep.

SOME HON. MEMBERS *rose*—

MR. SPEAKER : The question has been done ample justice, I know.

Hike in Prices of Steel

*43 **SHRI SOMNATH RATH :**
Will the Minister of STEEL, MINES AND COAL be pleased to state :

(a) whether the recent hike in the prices of steel has been enforced ;

(b) if so, since when ;

(c) whether the Indian steel prices are already twice that of the international prices ;

(d) if so, the reasons therefor ; and

(e) the steps taken to stabilise the steel prices ?

THE MINISTER OF STATE IN THE DEPARTMENT OF STEEL (SHRI K. NATWAR SINGH) : (a) and (b) Yes, Sir, The Joint Plant Committee increased the prices of steel reform the midnight of 20/21 February, 1985.

(c) No, Sir.

(d) Does not arise

(e) In the long run, steel prices have to reflect the costs of production and constant efforts are made to contain these to the extent this is within the control of the producers. Some of the steps taken to control the cost of production are the planned higher production, improved technoeconomic parameters and technological processes, better maintenance and control over inventories and expenditure,

SHRI SOMNATH RATH : I would like to know the reasons which led to the steel price hike a number of times. Is it a fact that this has been done because of the fact the production costs of the public sector steel plants have gone up and so they want to meet the difference and hence this price hike has taken place? Is so, will the hon. Minister be pleased to appoint a Committee to go into the details and suggest removal of bottlenecks? Is it also a fact that one of the reasons is the increase in price of raw materials and components, like coal, energy etc.? It so, will the hon. Minister have co-ordination with the Minister of Coal, Railway and Energy to see that proper facilities are provided to these steel plants at the proper time for increased production?

SHRI K. NATWAR SINGH : The prices of iron and steel are fixed and announced by the Joint Plant Committee, a body constituted under the Iron & Steel Control Order, 1956, on which the main producers, including railways, are represented. The Committee is chaired by the Iron & Steel Controller, Calcutta. In order to determine the price, the Committee take into account (1) the cost of production of various categories of steel, (2) contribution towards the steel Development Fund, Freight Equalisation Fund, JPC cess and Engineering Goods Export Assistance Fund and (3) the open market price, what the market can bear and (4) the effect of development programmes and on the general price level.

The price of steel was revised in the last three years as follow :

1982-83—3 times

1983-84—2 times

1984-85—2 times.

Regarding the various suggestions which the hon. Member made, recently my senior colleague, Shri Sathe, convened a Round Table on steel, where the representatives of the private and public sector steel plants and various experts on steel participated and various proposals were made. They will be taken up by the Steel Advisory Council, which the hon. Minister has instituted.

SHRI SOMNATH RATH ; Is it a fact that many industrial associations, including the Engineering Export Promotion Council, have asked Government to reconsider the question and withdraw the hike in steel prices? If so, what are the arguments advanced by them and what is the Government going to do about it?

SHRI K. NATWAR SINGH : I have with me a list of 36 associations and organisations which have, if I may say so, protested against the price rise. The organisation mentioned by the hon. Member is not mentioned there. As soon as we receive their protest, we

shall examine it and see what we can do about it.

DR. KRUPASINDHU BHOI : The Hon. Minister has given a very ornamental reply to the House.

Sir, I would like to know the international price of the steel of different categories according to the BEC and what is the price prevailing here in our country now. Secondly, I would like to know whether the Hon. Minister is aware of the fact that during the Janata regime Shri Bijoychand Patnaik was the Minister here and the price hike at that time was more than 15 per cent because of which the country suffered a tentative loss. I would also like to know whether it is a fact that due to the fake argument of obsolescence in the technology new steel plants are coming up resulting in slippage of time in the Bhilai, Durgapur and Bokaro steel plants. Last time our MP in the last Lok Sabha, Shri Rajiv Gandhi, who is now the Prime Minister, had given so many suggestions to make use of the professional expertise to help steel production in different steel plants. Because of that there has been mushroom growth of CCL, MDMC etc. The best period for the steel plant was from 1972 to 1977. In the background that I have just now given, I would like to know categorically from the Hon-Minister what have been the slippages in different steel plants in our country and what has been the cost escalation that has been passed on to the consumer price.

MR. SPEAKER : Do not elaborate, kindly put supplementary.

DR KRUPASINDHU BHOI : My question is what are the time-bound programmes for the production in the new steel plants. I also want to know what is the cost escalation by which our cost of production in the saleable steel, rolling stock and other alloy steel plants has been doubled.

MR. SPEAKER : Would you like to reply to his rigmarole?

DR. KRUPASINDHU BHOI : Sir, I wanted to educate them.

MR. SPEAKER : This is not a class time, professor, this is question time.

SHRI K. NATWAR SINGH : Mr. Speaker, Sir, I am not quite sure whether the question he asked related to what we are discussing here.

DR. KRUPASINDHU BHOI : I asked what is the international price of different categories of steel and what is the price here and what are the bottlenecks.

SHRI K. NATWAR SINGH : In 1984, per tonne in rupees the price of steel in different countries was as follows :

USA — 7565 ; Japan—5,138 ; West Germany — 5,052 ; UK—5,188 ; France—74,664.

In India, if we take the gross price, it is 6,400 ; and if we deduct the various duties and levies, which I mentioned earlier, it is 5000.

So, the price in the India is nowhere near the double of the international price. It is not too far away from the international figures. I have estimated these figures for the second half of 1984.

| | |
|--------------|--|
| U.S.A. | Rs. 7,625 per tonne |
| Japan | Rs. 4,951 per tonne (Nearly Rs. 5000/-) |
| West Germany | Rs. 4,800 per tonne |
| U.K. | Rs. 4,854 per tonne |
| France | Rs. 4,432 per tonne. |

PROF. MADHU DANDAVATE : Is the hon. Minister aware of the fact that on the last occasion when the hike in the steel prices was announced, the decision was already leaked out before hand. As a result of that...

(Interruptions)

MR. SPEAKER : Make the question a pungent one if you want an answer. Don't indulge in dia tribe.

PROF. MADHU DANDAVATE : May I know from the hon. Minister whether he is aware of the fact that in the past when the hike in the steel prices was announced, getting an inkling of that decision in advance from certain quarters heavy purchases of steel were made causing heavy loss to the public exchequer and taking that experience into account, whether you have come across any instance this time of heavy purchases of steel on the eve of the declaration of hike in the prices ?

SHRI K. NATWAR SINGH : Sir, as far as I know, nothing has come to our knowledge. But if you have any facts with regard to this, pass them on to us. We will look into them.

PROF. MADHU DANDAVATE : Your predecessor had given a different answer in the last Lok Sabha.

SHRI K. NATWAR SINGH : I am hardly responsible for his answer.
(Interruptions)

SHRI JAGANNATH RAO : Sir, what are the components the cost of production of which will go into the price structure of saleable steel ? Has any attempt been made to reduce the cost of production of these components by full utilisation of capacity etc ? Has any serious attempt been made by the industry to reduce the price ? It is not good raising the price because international prices are going up.

SHRI K. NATWAR SINGH : Sir, The percentage increase in 1984-85 over 1983-84 in respect of the following items is :

| | |
|------------------|-----------------|
| Coking coal | ... 18 per cent |
| Boiler coal | ... 12 per cent |
| Power | ... 10 per cent |
| Salary and Wages | ... 10 per cent |

Regarding what we are doing in regard to increasing our efficiency and

increasing our production, certain steps have been taken. If you like, I will elaborate this. The other thing is that if you compare the production of, for example, Bhilai and ISCO, I will tell you that Bhilai does not come up at all badly. To give you some idea, Bhilai is a 2.5 million tonnes plant and TISCO is a 2 million tonnes plant.

Cumulative profit from 1972-73 to 1983-84 (in crores of rupees) :

| | | |
|--------|-----|--------|
| Bhilai | ... | 370 64 |
| TISCO | ... | 331 |

Labour productivity (1982-83) in Ingot Tonne per man per year :

| | | |
|--------|-----|----|
| Bhilai | ... | 71 |
| TISCO | ... | 64 |

Capacity utilisation (1982-83) ;

| | | |
|--------|-----|--------|
| Bhilai | ... | 93.5% |
| TISCO | ... | 106.4% |

Energy consumption (1983-84) in Kilo Kalories per tonne of ingot steel ;

| | | |
|--------|-----|---------------|
| Bhilai | ... | 10.40 million |
| TISCO | ... | 11.50 million |

Coke rate (1982-83) :

| | | |
|--------|-----|-----|
| Bhilai | ... | 823 |
| TISCO | ... | 888 |

So, what we are doing is not bad but if you take the totality of the plants. Then of course, we come out badly and our production figures are not impressive. For example, Durgapur is not doing well, TISCO is not doing well and we are looking at it for modernisation and efficiency and as you know, Sir, the peculiar problems with which steel industry of India faces are not faced by other countries which have problems of excessive labour, problems of multiplicity of trade unions and some of the machinery that we have is outmoded and the investments required for modernising runs into thousands of crores, and we have a very severe limitation of resources.

Visit of High-Powered Japanese Economic Mission

*44. PROF. RAMKRISHNA MORE : Will the Minister of FINANCE be pleased to state ;

(a) whether a high-powered Japanese Economic Mission visited India in December, 1984 ;

(b) if so, the details of the agreements reached with the Japanese Mission ;

(c) whether any new spheres of collaboration were explored ; and

(d) if so, the details thereof ?

THE MINISTER OF FINANCE AND COMMERCE AND SUPPLY (SHRI VISHWANATH PRATAP SINGH) : (a) to (d) A high powered Japanese Economic Mission visited India in November-December, 1984 and held meetings with representative of Government of India, financial institution and various chambers of commerce etc. The visit was exploratory in nature, primarily aimed at assessing the possibilities for increased Indo-Japanese economic co-operation and studying the economic situation in India in this context. Since the Mission's purpose was to take a broad view of the situation, no agreements were either contemplated or signed.

PROF. RAMKRISHNA MORE : Sir, I would like to know from the hon. Minister, through you, whether the Japanese have complained about inadequate infrastructural facilities in india also about the Government of India's policy on foreign investment ?

SHRI VISWANATH PRATAP SINGH : No such complaint has come to us.

PROF. RAMKRISHNA MORE : Do the Government propose to further liberalise the foreign investment policy?