

Date.....24/11/54

THE
PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)
OFFICIAL REPORT

1359

HOUSE OF THE PEOPLE

Monday, 24th August, 1953

1360

this kind securing, however, suitable technical associates as also financial participation to some extent.

The House met at Two of the Clock
[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

3 P.M.

**STATEMENT RE: PROJECT FOR A
STEEL PLANT**

The Minister of Production (Shri K. C. Reddy): The House has taken a great deal of interest in the proposal for the establishment of a new steel plant. Questions have often been asked in regard to it and I have endeavoured to give such information as was available to the House. It was not possible always to take the House into confidence when negotiations were going on. Now that those negotiations have concluded and an agreement has been signed, I should like to place before the House the principal terms of this agreement. •

The importance of adding to our steel production is very great from the point of view of all development schemes and the Five-Year Plan. Indeed, even this agreement which we have signed does not fulfil our future requirements and we shall have to consider further projects.

It has been Government's desire to retain overall control in a project of

359 PSD

The agreement was signed on the 15th August this year at Bonn in Germany by the Secretary, Ministry of Production, on behalf of the Government of India, and two German firms of international repute, namely, Krupps and Demag. The agreement provides for the technical and financial participation of these two firms in the construction of a new steel plant with the initial capacity of half a million tons of ingots, capable later of expansion to a capacity of one million tons.

The capital cost of the project is estimated to be about Rs. 71.25 crores. The share capital to be contributed by the German collaborators is expected to be of the order of Rs. 9.5 crores, the exact amount depending on the value of the plant that they may supply, and the balance of share capital will be found by the Government of India. It is proposed, however, to apply to the International Bank for Development and Reconstruction for a loan of about Rs. 20 crores towards the capital cost.

The German investment will be for a period of about 10 years, with option to either side to continue the association for a further period of 10 years.

Global tenders for supplies will be invited and quality, prices and deliveries of plant will be the determining factors in selecting the suppliers.

[Shri K. C. Reddy]

The German Combine will be appointed the technical consultants and will receive a fixed fee of about Rs. 2.10 crores, which works out to about 3 per cent. on the estimated cost. No royalties are payable and no bonus shares will be issued.

The management of the company will be vested in a board, in which the Government and the Combine will have representation proportionate to their respective investments. The Chairman and the Managing Director will be the nominees of Government, thereby reserving to Government the control and overall management of this vital industry. The German Combine will recommend a team of technical experts for the efficient working of the plant. The number of Germans to be employed will be kept down to the minimum commensurate with the requirements of efficiency. Indians will receive, meanwhile, specialised training for the progressive replacement of German nationals.

The German collaborators expect that the plant could be commissioned within a period of four years after the preliminary details have been settled. A representative team is expected in India in September to discuss and settle the constitution of a Company and to make specific recommendations on the location of the plant etc. The over-riding consideration for location will be the economics of production and of distribution and the site will be selected with these in view.

After a careful assessment of the requirements for steel with the growing industrialisation of the country, Government have come to the conclusion that there still exists the need for the establishment of another unit after providing for the expansion of the present project. To this end, necessary planning and other action will be initiated.

ANDHRA STATE BILL

PRESENTATION OF REPORT OF COMMITTEE ON PETITIONS

Pandit Thakur Das Bhargava (Gurgaon): I beg to present the report of the Committee on Petitions on the Andhra State Bill, 1953.

PAPER LAID ON THE TABLE

PATIALA AND EAST PUNJAB STATES UNION POLICE (INCITEMENT TO DISAFFECTION) ACT, 1953.

The Deputy Minister of Home Affairs (Shri Datar): I beg to lay on the Table a copy of the Patiala and East Punjab States Union Police (Incitement to Disaffection) Act, 1953 (President's Act No. 1 of 1953), under sub-section (3) of section 3 of Patiala and East Punjab States Union Legislature (Delegation of Powers) Act, 1953. [Placed in Library. See No. S-105/53.]

MOTION FOR ADJOURNMENT

FLOODS IN GODAVARI

Shri Frank Anthony (Nominated—Anglo-Indians): Sir, I had given notice of an adjournment motion. The Secretary asked me not to raise it until Mr. Reddy had made his statement. I want to know whether it has been disallowed, and the reasons thereof. I have a right to know the reasons.

Mr. Deputy-Speaker: The hon. Member gave me a notice of an adjournment motion regarding floods in Godavari and the adequacy of relief measures taken by the Railway administration. I immediately told him that I am withholding consent, as this is not a matter which need be raised by way of an adjournment motion. All are interested in it. A number of such adjournment motions have been brought to me during the past sever-