

## PAPERS LAID ON THE TABLE

12 hrs.

## QUESTIONNAIRE ISSUED BY COMMITTEE OF ENQUIRY ON EXTRA DEPARTMENTAL SYSTEM

The Minister of Transport and Communications and Irrigation and Power (Shri S. K. Patil): Sir, I beg to lay on the Table a copy of the Questionnaire, dated the 16th December, 1957, issued by the Committee of Enquiry on Extra Departmental System appointed by the Ministry of Transport and Communications (English and Hindi versions). [Placed in Library. See No. LT-635/58].

## DELHI MUNICIPAL CORPORATION (ELECTION OF ALDERMEN) RULES

The Minister of State in the Ministry of Home Affairs (Shri Datar): Sir, I beg to lay on the Table, under sub-section (2) of Section 479 of the Delhi Municipal Corporation Act, 1957 a copy of the Delhi Municipal Corporation (Election of Aldermen) Rules, 1958, published in Notification No. 2/58. D. M. Cor., dated the 19th March 1958. [Placed in Library. See No. LT-636/58].

## EXPENDITURE-TAX RULES

The Deputy Minister of Finance (Shri B. R. Bhagat): Sir, I beg to lay on the Table under sub-section (3) of Section 41 of the Expenditure-Tax Act, 1957, a copy of the Expenditure-Tax Rules, 1958, published in Notification No. G.S.R. 141, dated the 15th March, 1958. [Placed in Library. See No. LT-637/58].

## AMENDMENT TO CENTRAL EXCISE RULES

Shri B. R. Bhagat: Sir, I beg to lay on the Table, under Section 38 of the Central Excises and Salt Act, 1944, a copy of Notification No. G.S.R. 139, dated the 15th March 1958, making certain amendment to the Central Excise Rules, 1944. [Placed in Library. See No. LT-638/58].

## NOTIFICATIONS ISSUED UNDER SEA CUSTOMS ACT

Shri B. R. Bhagat: Sir, I beg to lay on the Table, under sub-section (4) of Section 43B of the Sea Customs Act, 1878, a copy of each of the following Notifications:—

- (1) G.S.R. No. 110, dated the 8th March, 1958.
  - (2) G.S.R. No. 111, dated the 8th March, 1958, containing the Customs Duties Drawback (Plastic Goods) Rules, 1958.
  - (3) G.S.R. No. 143, dated the 12th March, 1958.
  - (4) G.S.R. No. 144, dated the 12th March, 1958 containing the Customs Duties Drawback (Silver Jewellery and Silverware) Rules, 1958.
  - (5) G.S.R. No. 145, dated the 12th March, 1958, containing the Customs Duties Drawback (Electric Fans) Rules, 1958.
  - (6) G.S.R. No. 146, dated the 12th March, 1958, containing the Customs Duties Drawback (Chokes for Fluorescent Lamps) Rules, 1958.
- [Placed in Library. See No. LT-639/58].

## COMMITTEE ON ABSENCE OF MEMBERS FROM THE SITTINGS OF THE HOUSE

## SIXTH REPORT

Shri Jadhav (Malegaon): Sir, I beg to present the Sixth Report of the Committee on Absence of Members from the sittings of the House.

12-00 hrs.

## DEMANDS FOR GRANTS—contd.

## MINISTRY OF STEEL, MINES AND FUEL—contd.

Mr. Speaker: The House will now resume further discussion on the Demands for Grants relating to the Ministry of Steel, Mines and Fuel. Out of 6 hours allotted for these Demands, 27 minutes now remain.

[Mr. Speaker]

Shri Naushir Bharucha may continue his speech. Thereafter the hon. Minister will reply and the cut motions will be disposed of and Demands put to vote.

Shri Naushir Bharucha (East Khandesh): Mr. Speaker, yesterday, I was speaking on the subject of steel plants. In my opinion, the planning of the steel plants was not correct and I shall presently indicate the defects.

In order to appreciate exactly how the planning has been defective it is necessary to know the fundamental processes of steel manufacture. In the first place, the manufacture of steel requires, apart from iron ore and coke, lime stone. Coal is transformed into coke by extraction of certain gases and certain chemicals and the iron ore, coke and lime stone are charged at the top of the blast furnace where the melting takes place. The purpose of the lime stone, about which I have to say quite a lot presently, is to remove the impurities attaching to the iron ore. After the three ingredients remain in the blast furnace for about 5 hours or so, the molten metal is taken out and that is what is known as pig iron. It is then transferred into what is known as Bessemer converters of 25 tons capacity. Air is blown through it for about 10 minutes with the result that carbon is largely eliminated. What is left is known as steel.

This semi-purified steel is now transferred to the open hearth furnaces fed with iron oxide and lime in order to remove the phosphorous impurities. From the open hearth furnaces, molten steel is poured into ingots and after that it is taken to blooming mills and shaped into blooms and they are fed into the slab mill, billet mill, plate mill and bar mill.

The reason why I briefly describe the process is to indicate how the Planning Commission has completely failed to synchronise these various processes. That is one of the biggest

defects in the Plan. Let us first take the Rourkela plant. It has been stated that Rourkela is the problem plant. Somebody has once said that if you show me a problem child, I will show you a problem parent. I say if you show me a problem project, I can show problem planners. We are told that there will be delay in firing the first blast furnace from 3 to 6 months, I am not quite sure whether later on by the time the various processes are synchronised, the delay will not extend over a year. Just imagine Rs. 170 crores being invested and we not getting any result for a year more! That means that in the shape of interest alone, we may lose as much as about Rs. 10 crores.

I have just now said that the ingredients necessary for the manufacture of steel are three. Let us examine how the Rourkela plant is to get iron ore. The Taldih mines are going to be operated for this purpose. The contract for the supply and the erection of mining plant has been given to an American firm. The site has been prepared but the ore will not be available till 1959. If iron ore is not available till the end of 1959, how is the blast furnace to be operated? Very probably some make-shift arrangement has to be made and it is likely to cost us quite a lot more, which means there will be more of production cost than we anticipate. I outlined in brief the process of steel manufacture. It would be seen that without synchronising the procurement of iron ores, we are told that the blast furnace will be ready by the end of 1958.

It appears that the planners are also not ready with coal. It appears that Bokaro and Jharia are coal fields from where coal will be made available but we have not yet made ready our washeries and unwashed coal will be used. With regard to lime stone also, the planners have failed miserably in the procurement of this commodity. Late in the day the planners discovered that lime stone of suitable

quality is not available and it is presenting difficulties. Therefore, Hindustan Steel Company is engaged in discovering the source of supply of lime stone. What type of planning is this? You say that the blast furnace will be ready by the end of the year but still you are not ready with your lime stone quarries. With only eight months to go for the first blast furnace to be fired, we are told that the Hindustan Steel Company is trying to find out lime stone of suitable quality. Was it not the duty of the planners to synchronise the procurement of lime stone along with the other orders that were placed for the manufacture of steel plant itself? Supposing the Hindustan Steel Company does not succeed in finding suitable quality lime stone, what happens to the steel plant? All the three major ingredients are necessary for the manufacture of steel.

Coming to Bhilai plant, we find that in the beginning the Vizag port was selected as the port of landing. It was found that it could not handle the materials as there were inadequate cranes. There were delays. For the supply of coal, the Rajhara coal mines are designed. Orders for mining equipment have been placed. We do not know when it will be ready. It seems that till 1960, Bhilai will not get coal; the Dugda washeries will not be ready till 1960. When the planners are going in for a steel plant is it not their duty to see that the procurement of lime stone, coal and iron ore are all synchronised? They have not done that. With regard to lime stone for Bhilai, we find that there are some difficulties. Mechanisation will not be complete so far as the quarries of lime stone are concerned. So, they will be manually operated and it will go on adding to the cost of the steel you produce.

With regard to Durgapur also, there is something peculiar. The course of lime stone is yet to be explored. Their expected sources were Birmitrapur and Hathibari. From the preliminary reports now before the

Planning Commission, they have now discovered that the cost of mining will be very heavy and three times more mined material will have to be excavated before lime stone of suitable quality and quantity would be available. I have not been able to understand these things. The planners ought to know full well at least the elementary ABC of steel production. They know full well that lime stone is necessary and that without that steel cannot be produced. While we are told that within 8 months, the first blast furnace will be ready, the planners are still hunting for sources of lime stone! What type of planning is that?

The whole story has not been told in connection with all the three steel plants. With regard to Rourkela the House has been misled. The House has been told that Rs. 170 crores will be the revised cost. Apart from the fact that this is Rs. 42 crores higher than the original estimate, this is not a complete and total estimate, and this House would be lulled into a false sense of security if it believed that even after spending Rs. 170 crores we will be able to get steel from Rourkela plant.

It will not be so. Why? Because, Sir, from the report of the Ministry of Steel, Mines and Fuel, we find that this figure of Rs. 170 crores does not include the cost of township. I again ask, what type of planning is it? The report says that the cost of township is not included in the steel project. May I ask this House whether in the price of steel the cost of township does not enter? We are also told that this figure of Rs. 170 crores does not include the cost of ore mines, the cost of quarries and the cost of land. What type of planning and estimating is it, where the township, ore mines, quarries and lands are not included in the total figure of Rs. 170 crores that we are going to spend?

What is more amazing is that, we are told that the cost of developing

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the source of water supply also is not included. May I tell this House something to give an idea as to what quantity of water is required for a steel plant and a steel town? A plant with a capacity of nearly one million tons of steel will require water to the extent of 60 million gallons per day both for township as well as for industrial purposes. 60 million gallons per day means something equivalent to the water-supply of Delhi city. In 1956 or 1957—I do not exactly remember—Delhi was given 56 million gallons per day. 60 million gallons is the least that you will require. We are told that the cost of water-supply is not included. The cost of power supply is also not included. Again, the cost of prospecting and designing and the capital cost of training personnel are also not included.

An Hon. Member: Then what is included?

Shri Naushir Bharucha: The cost of railway works between mines and plants and the cost of requisite rolling-stock are not included. Even the customs duty is not included. The capital cost of office expenses and such other ancillary subjects is not included.

Sir, I want to know, when this proposal was first placed before the House, whether the House was told that after spending Rs. 170 crores we will have to spend so much more. And, from the way the planners have planned in connection with procurement of limestone and other things, I do not know whether they will be able to get the water supply that is required, and also the necessary power supply.

When we are told that the first blast furnace will come into operation in December 1958, we begin to understand probably our capital will start paying. Nothing of the kind. The hon. Minister, in the statement furnished to us, tells us that in 1957 the steel production was 1.3 million

tons and by the end of 1959 it will be 1.8 million tons—that is to say, half a million tons increase in two years. But the Tatas and the Indian Iron have got a vast expansion programme. The Tatas' programme will be in a good measure completed by the August of 1958. Then, may I know, if the expansion programme of Tatas and Indian Iron is going to produce very nearly half a million tons by 1959 end, what will your two plants produce? How is it that an estimate has been given to us that by the end of 1959 we shall have only 1.8 million tons of steel? How do you account for that, when a major portion of it—practically the whole of it—is accounted for by the present production plus the production on account of the expansion of Tatas and Indian Iron?

Shri Joachim Alva (Kanara): It took 50 years for Tatas to reach the target mentioned by the hon. Member, whereas our target in the public sector will be reached in 5 years.

Shri Naushir Bharucha: I do not know whether we will at all reach anywhere within any time. We are told that a fourth plant is being designed.

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): I had no intention to interrupt the hon. Member, but I would like to know wherefrom the hon. Member has quoted that I said that steel will be produced in the public sector plants in 1958. I have not said anything like that.

Shri Naushir Bharucha: I am not saying that. In fact, my complaint is that according to what you have said nothing will be produced. In the statement which you have circulated to us.....

Sardar Swaran Singh: The hon. Member is absolutely ignoring the time-schedule that I have given.

Shri Naushir Bharucha: You will soon have your time to reply.

**Shri Jeochim Alva:** The hon. Minister may kindly check up whether **Shri T. T. Krishnamachari** has made such a statement while he was holding the portfolio of Steel, Mines and Fuel.

**Sardar Swaran Singh:** No; he has not made any such statement.

**Shri Naushir Bharucha:** Now, we are talking of the fourth steel plant. Before anything happens there, I am not sure what will be the cost of the Rourkela plant itself. Rourkela may cost well-nigh, instead of Rs. 170 crores—if you take the cost of township, ore mines, quarries, land, water supply, power supply and everything—round about Rs. 250 crores. That would mean, Sir, by way of interest alone it will be Rs. 15 crores more, and per ton steel will cost Rs. 150 more by way of interest charges alone.

Sir, I am against going in for a fourth plant. I submit that an enquiry is necessary for the whole thing before we go in for the fourth plant. Why have we been kept in ignorance about all these things? Why was the House not told that all the items which are actually necessary for the functioning of a steel plant were not included in the estimate that was given to us? I again submit, Sir, that the House is still being misled.

**Sardar Swaran Singh:** It is surprising, Sir, that he goes on repeating that the House has been misled. I had clearly stated in reply to questions that all these things are not included in the figure of Rs. 170 crores. Therefore, he can base an argument on that, but he cannot misquote me.

**Shri Naushir Bharucha:** Even if he had said that they are not included, it has been said only in the report of 1957-58. I am asking, at the time when the project was first submitted to the House, was any idea given to the House that you will have to provide for 60 million gallons of water per day? Where are you going to get it from? Several crores of rupees will

have to be spent on the township. All these estimates that are given to us are false and misleading. Therefore, before the fourth plant is taken up an Enquiry Commission should be set up to enquire as to who is responsible for this. Unless that is done, I do not think we should proceed further with the fourth steel plant.

**Sardar Swaran Singh:** Mr. Speaker, Sir, I am grateful to the hon. Members who have taken so much interest and have given so much thought to the various subjects that are dealt with in this Ministry. I said something, at the time of the commencement of the debate, about steel. My colleague, **Shri Malaviya**, yesterday apprised the House of the various aspects with regard to oil, mineral, development, activities of the Geological Survey of India, Indian Bureau of Mines and the Oil and Natural Gas Commission. I propose, Sir, within the short time at my disposal, to say something with regard to coal in the first instance.

As many as 14 hon. Members have participated in the debate. It is gratifying to note that they come from all parts of the country, and as many as 8 hon. Members have contributed to the debate on this question of coal. It will be very difficult for me to give a reply with regard to each and every point that has been raised, but there are some salient factors which have been mentioned and, therefore, I will attempt to say something about some of the important points that have been raised.

On the subject of coal, Sir, the most important question is the realisation of target that has been fixed in the Second Plan period. It is a fairly stiff target of 22 million tons, when at the commencement of the Plan period our production was only 38 million tons. Out of this, 12 million tons have been assigned to the public sector which includes 1.5 million tons additional production from Singareni, and 10.5 million tons from other collieries both by expansion of production from the existing collieries as well as

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by opening new collieries in the virgin areas.

A great deal has been said that so far as the private sector is concerned they have succeeded in increasing production quite substantially whereas the public sector has not done so well. Whether it is the public sector or the private sector we have to hold a certain balance and try to examine the various circumstances which are attendant upon this programme of production. So far as the private sector is concerned, it might interest the House to know that at the commencement of the Plan period, that is, at the end of the year 1955, production in the private sector was 33·85 million tons per annum. In 1957 it was 38·20 million tons. There is, therefore, an increase of a little less than five million tons. To be exact, it is 4·35 million tons. This gives a percentage increase of 12·8 per cent over the production which was there in the private sector in the year 1955. In tonnage per year it is quite substantial. And I would like to congratulate the private sector for pushing ahead their production programme and giving the country this additional coal. But sometimes we are prone to forget the various circumstances and may give to the country and the industry a picture which may not stand the test of scrutiny. Therefore, it is necessary for us to examine carefully the exact implications of these figures.

As compared to the 12·8 per cent increase in the private sector, how have the state collieries fared? In the existing state collieries which are under central control, production at the end of the year 1955 was 2·8 million tons a year. At the end of 1957, this was 3·38 million tons per year. That gives an increase of 21 per cent over the production figure of the year 1955. Again, in the Singareni colliery which again is in the public sector although it is being managed by the State Government of Andhra Pradesh, production in 1956 was 1·5 million tons. There is an increase of about tons and in 1957 it rose up to 1·92 mil-

28 per cent. Now, adding up this figure, as compared to the year 1955 there is an overall increase of 14 per cent in the production if we take the country as a whole. As compared to this 14 per cent increase in the overall sector—both public and private combined—the increase in the private sector is 12·8 per cent over their production of 1955. It is 21 per cent in the case of state collieries which are managed by the Centre and as high as 28 per cent in the case of Singareni. Therefore, we greatly appreciate the total tonnage by way of additional production that has come from the private sector; while it is quite welcome, it has also added to the fuel resources of the country and has helped a number of industries in their fuel requirements. We cannot ignore the fact that if we compare the production of the base year 1955 which was the commencement of the Plan period and examine it in this form of percentages, the existing collieries in the public sector have done extremely well, for which they deserve all the encouragement and appreciation of the House as well as everyone in the country.

Naturally the House is entitled to know as to what is the programme for production of this additional tonnage of coal in the public sector. The reply is that this is by the development of new and virgin collieries. This is a subject which those hon. Members who have studied this aspect or who belong to the areas where the coal-mines are developed would know fully well. The point is that the development of a colliery is a time-consuming process; a large number of preliminary steps have to be taken; the physical possession of the land has to be taken; we are operating under the Constitution and the law; the mineral rights with regard to the lands have to be acquired. Thereafter, in the matter of planning, not only have the reserves to be established in any virgin area but the actual behaviour of

the scene, the soil, and its faults and folds and such other various aspects have to be carefully studied before one actually starts the physical mining of a commodity like coal.

Then again, the question of trained personnel is there, and above all, the equipment has to be mostly purchased from abroad. I am saying all this not with a view to defend the shortfall in the public sector but what I am trying to impress upon the House is that it will be wrong to describe it as a shortfall. We have never said that at the end of the year 1956 or at the end of the year 1957, such and such a figure will be the particular level of production. If any phased programme in that detailed manner had been given, then only the House could, with justification, call for an explanation as to why there has been a shortfall. We cannot, merely on the basis of working out some sort of an arithmetical fraction, put the National Coal Development Corporation on the defence, and we cannot expect them to explain as to why, for instance, 1/5th of the total target has not been achieved at the end of the first year and why only 2/5th of the target has been achieved at the end of the second year. That, I must respectfully submit, will be an absolutely wrong way of appreciating the problem. Not that I am complacent. I perhaps am greatly worried about the successful execution of our production programme in the new collieries in the public sector, because I know that there are great and large number of difficulties which are inherent in the situation. They have to be got over. We have to conquer all those difficulties and we have to go ahead. But I do submit that this method of comparison, when the conditions are not comparable, and to use that comparison as an argument to condemn the public sector and not give to it the due appreciation that it deserves, and to ask why production in the existing collieries in the state sector was not pushed ahead at a pace which the private sector has been able to do, will not be a very correct and a

fair yardstick for the purpose of comparison.

I would now like to tell the hon. House something about the new coal-fields that are attempted to be developed. These are: Korba, Kathara, Gidi (Karanpura), Korea and Bachra Saunda (Karanpura). According to the present estimates which we have made and the assessment that has been carried out, we have come to the conclusion that on the basis of the arrangements already made and the commitments which can be fairly said to have been entered into, the expected production from these new areas will be of the order of seven million tons a year.

Besides these, additional possibilities will be explored to reach the full targets. To this we have to add the additional production of Singareni. We have also to add the additional production from the existing State collieries. We are at the end of the second year of the Second Five-Year Plan and we have got still three years to go. Therefore there is no cause to take an unduly pessimistic view of the performance of the National Coal Development Corporation.

I would like, by your permission, to remind the House that this public company, the National Coal Development Corporation, was formed about eighteen months ago. They had to assemble all the staff. They had to settle down and organise the technical personnel. They had also to make other organisational arrangements and the teething troubles had to be gone through. I have got the latest report from the Managing Director of the National Coal Development Corporation in which he says:

"In Kathara, Bhurkunda, Saunda, Bachra, Korba; Quarry, Korba First pair of inclines, Korba second pair of inclines and Gidi—in all these areas work has actually started in one form or the other."

With regard to Kurasia his report is that in April the shovels, which are already in Calcutta, should be at

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Kurasia and the new project will then be taken up. I am mentioning all this to show that this oversimplification by working out some sort of arithmetical fractions is not a fair method of assessing the performance of the National Coal Development Corporation.

I would like to share the concern that some of the hon. Members have shown about the availability of trained technical personnel. It has often been said not only in regard to coal but in regard to so many other industrial developments that the availability of the requisite number of sufficiently trained technical personnel is really the essence of the problem and our success or failure in this field, as in many other fields, will depend upon the availability of the technical personnel with the right type of training and the requisite amount of technical skill. If taken care to ensure by starting schools, training centres and the like, the requisite technical personnel should be available. Already four training centres have been started. Our intention is to examine this matter still further and to find out as to what our requirements are going to be not only for executing the targets of this Plan period but also of the next, so that we could from now on undertake measures for training people in course of time to take up these responsibilities when we go over to the Third Plan period. This process of examination and introspection is a continuous one and as we go on we have constantly to review the position and create conditions in which our developmental tempo is kept up and we do not fail either on material resources or upon technical personnel. I am sure that resources for the purpose of training would be forthcoming and I do not anticipate any real difficulty in securing adequate finances if we succeed in producing good schemes.

With regard to coal, it is my intention in the course of this year to

undertake some preliminary work to find out as to what our requirements are going to be for the Third Plan period. It is very necessary in view of the background that I venture to submit in the earlier part of my submission that we should undertake planning a considerable period ahead of the commencement of any particular Plan period because it is only by undertaking that preliminary examination that we can fairly assess our requirements in the terms of physical requirements—whether it is land, equipment or resources in the form of technical personnel or the like and this process of thinking in a way has already started and the Coal Council of India is giving considerable thought to the various aspects. But in the course of the present financial year my intention is to start some sort of a nucleus planning cell so that we could know precisely as to what our likely requirements are going to be for the next Plan period where the target has been vaguely mentioned as a hundred million tons a year. It will be premature for me to commit myself to any figure, but it is quite obvious that in view of our rising tempo of industrial development the strain upon the fuel resources is going to be quite considerable and it will still take a considerable time for any other sources of energy to be developed and the increased production of coal will have to be concentrated upon. So, our target for the Third Plan period is going to be substantially higher. I am also aware that the attainment of that higher target in the Third Plan may present even greater difficulties as compared to those with which we are confronted in the present period because it is easy to step up production from existing collieries. But coal is a consuming mineral like many other minerals and new prospecting and new development has to be undertaken for which forward planning is very necessary.

Two or three other minor points were stated in connection with coal. One was in the very informative



speech of my friend from Bengal, Shri A. C. Guha.

**An Hon. Member: West Bengal.**

**Sardar Swaran Singh: West Bengal.** There is no East Bengal in this House.

I was submitting, Sir, that so far as the very informative speech of Shri A. C. Guha is concerned, he raised a number of points and they will receive our very careful consideration. He made a particular reference to the stowing fund. I have examined the position and I find that in the rules that have been framed and in the Act that is there giving of loans from the Stowing Fund is a recognised way of helping the industry and the information that is available with me indicates that the purposes for which these loans have been utilised are good purposes and have been greatly appreciated by the industry. We are also, of course from the same fund, giving financial assistance in the form of subsidy for stowing purposes.

The hon. Member opposite from the same State—I would still repeat Bengal—raised some doubts about the outcome of the Price Fixation Committee. I would only suggest that that matter is under consideration and to throw any doubts one way or the other would not be fair to the House, would not be fair to the industry and would not be fair to the Committee because, I am sure, they will examine all the relative factors which have been mentioned in the terms of reference upon which that Committee is working and thereafter they will make a recommendation which will be carefully examined. That committee is manned by officers who are able, good and efficient and I see no reason why there should be any hint, even a oblique one, upon the impartiality of this committee.

Two hon. Members—I think one used to be a Minister in Hyderabad, but now I think he is in Mysore, my friend Mr. Melkote—said something about Singareni coal colliery.

Another hon. Member also mentioned about this colliery. I have already indicated that we expect an additional production of 1.5 million tons from Singareni colliery. That colliery is at the moment managed by the Government of Andhra Pradesh. They have done well during the two years of the Plan period and I have already indicated that in all the sectors, public and private, they are number one in the matter of percentage increase of production. We are keen that their additional target which has been laid down for them in the second Plan period is reached.

So far as organisational difficulties which have been hinted at are concerned, they are a matter not of any controversy, but only a question of approach. I am sure that with the will to come to a satisfactory solution on either side, there will not be any difficulty in finding a satisfactory solution, so that the resources may be made available to the Singareni colliery for pushing ahead their additional production programmes.

**Shri Heda (Nizamabad):** This is a little vague. We would like to know whether there is any truth in the Press report that the Central Government has offered the loan or aid only on the condition that the Andhra Pradesh Government changes the hold to the Central Government.

**Sardar Swaran Singh:** I think my hon. friend need not place too much reliance on what appears in the Press from time to time on this aspect, because this is a matter, as I said, of an organisational character which is under discussion between the Central Government and the Government of Hyderabad. To discuss it one way or the other or to go into the merits of the organisational set-up of one or the other pattern will not take us any further.

I would say a few words about the Neiveli lignite project, which is another project undertaken in the South, to increase the fuel resources of that part of the country. I think

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that the Neiveli lignite project should be viewed, as it has always been viewed, as an integrated project, in which mining, thermal power station, the fertiliser unit and the briquetting and carbonising plant are essential components of that integrated pattern. We have carefully gone into the economics of this and if this integrated scheme goes through, as it is hoped it will go through, then it is likely to increase the power resources of the South substantially and will produce electricity at rates which will be substantially lower than the prevailing rates of thermal power production in the South and the fertiliser that it produces in the form of urea will be a welcome addition to the fertiliser resources of the country. The briquetting and carbonising scheme also provides a ray of hope to the feeling that very strongly persists in the South, namely, the possibility of starting, say, a steel plant. Already we have got the Bhadravati steel plant there about which I will say something later.

Certain latest researches indicate that lignite of certain quantities when it is pressed in the form of briquettes can be utilised with regard to certain types of iron ore for the manufacture of steel. I have not got any firm data yet to say confidently that all that has been commercially examined or any firm conclusion can be drawn. But I do feel that it is my duty to inform the House that these briquettes may in course of time turn out to be a substitute for metallurgical coal for the production of steel in the South, whereas more than one hon. Member have pointed out there are some very good varieties of rich iron ore.

So far as this Neiveli lignite project is concerned, I would reiterate that the cost of this integrated project is something of this order. Mining scheme—Rs. 16.9 crores; thermal power station—about Rs. 21 crores. The House is aware that we have already entered into an agreement with the Soviet Union Government for the

supply of thermal power station equipment based on lignite. The fertiliser scheme is estimated to cost about Rs. 21 crores and the briquetting and carbonising plant is estimated to cost about Rs. 11 crores. There are also some subsidiary schemes of clay-washing and the like. Added up, this comes to a total of about Rs. 70 crores in all. I have mentioned this because some hon. Members wanted to raise this point though not directly, but indicating that we are concentrating our development in the matter of putting up of steel plants mostly in the Bengal-Bihar-Orissa-Madhya Pradesh area—the plateau area—where iron and coal are both present. There are certain things which are decided by geography and by nature that we cannot easily alter. If iron ore and metallurgical coal are present there in close proximity, that obviously is the most suitable place for the manufacture of steel.

Sometimes we are likely to forget that in the manufacture of steel, metallurgical coal is as important a raw material as iron ore and even quantitatively in the form of tonnage, the consumption is on the same order, maybe some percentage higher or lower, but in bulk in tonnage, practically the same quantity of coal is required as iron ore. Therefore, to say that one is the raw material and not the other will not perhaps be a very correct presentation. As I indicated, the exploitation of lignite and the possibility of briquettes being used for the purpose of reduction of iron oxide and its conversion into iron has opened a ray of hope for the establishment of steel manufacturing plants, maybe of smaller sizes, in certain places in the South.

An hon. Member—I think it was again Dr. Melkote—said that Singareni coal could be used in Bhadravati, I am sure he knows that Singareni coal is not metallurgical coal and therefore it cannot be used for the blast furnaces at Bhadravati.

**Dr. Melkote (Raichur):** May I know whether it is not lignite?

**Sardar Swaran Singh:** It is very much lignite. But lignite is not used anywhere yet in commercial quantities for the manufacture of steel.

**Dr. Melkote:** If it is lignite, could not the Singareni coal also be briquetted?

**Sardar Swaran Singh:** I do not think that coal can be briquetted in that form. Metallurgical coal is not found in Singareni. Therefore, that would not help them. I do not, at the same time, say that Singareni should not be developed; it should be developed for good reasons, because it is good coal and it is good source of fuel and energy.

**My hon. friend from Rajasthan, Shri Mathur,** said something about the Palana lignite collieries in Rajasthan. We are seized of that problem. The Government of Rajasthan is looking after these collieries. I have constituted an expert committee to go into all that question and to advise Government as to what should be a best way of exploiting the lignite from Palana colliery and what should be the best way of utilizing it.

**Shri Joachim Alva:** Before the Minister passes to some other subject from coal may I ask him whether Government, by any directives, supervises the conditions of service of the mine workers in coal in the public sector?

12.57 hrs.

[SHRIMATI RENU CHAKRAVARTY in the Chair]

**Sardar Swaran Singh:** Is the reference to the employees in the public sector or in the private sector?

**Shri Joachim Alva:** Are the conditions the same as before?

**Sardar Swaran Singh:** May I address the Chair as 'Sir' or Madam?

**Mr. Chairman:** Does it require any new ruling? I have already ruled that hon. Members may address the Chair as they like, because the Chair does not have any sex.

**Sardar Swaran Singh:** I also thought so; but I wanted to be sure. I was saying, Sir, that so far as the workers in the public sector collieries are concerned, they are governed by the same principle as workers in the private collieries. I would recall to the memory of the hon. Member that as a result of the last Appellate Tribunal Award, increases in wages were given and those increases were applicable to workers in the State collieries as also to the workers in the private collieries. Besides that, we have also got other officers who look after the welfare activities and the like. It is our constant endeavour to ensure that the working conditions of those workers are reasonably good and they are given all the facilities which are their legitimate due on account of the strenuous nature of work that they do.

I think I have attempted to cover the various points with regard to coal and lignite. At the commencement of the discussion day before yesterday I made a statement with regard to steel. Most of the points that have now been raised by the hon. Members from all sections of the House were, to a large extent, attempted to be covered by me. It was a narrative rather than an attempt to examine the various arguments that were advanced, and I am glad that I made that statement, because that has enabled the hon. Members to pin-point the discussion on certain important aspects of the steel programme. I am very much overwhelmed by the unanimity of opinion about the successful execution of the three major steel plants in the public sector. The hon. Members who have participated in the debate have vied with each other in showing concern about the successful execution of these plants and have, generally speaking, made suggestions of a very constructive nature which, I am sure, will be extremely useful by way of providing us food for thought to examine where we have gone wrong and what is the corner that requires either cleaning or requires greater effort to be put in.

[Sardar Swaran Singh]

But, by your kind permission, I would like to exclude the last speaker from that category, because his was, I am afraid, a completely one-sided version where he attempted to show that everything has gone wrong and the only thing that he suggested was that a commission of inquiry should be set up. I cannot really understand the object of that. When every nerve has to be strained, when every ounce of energy has to be pressed for the construction of these plants according to schedule, that time should be wasted for embarking upon the type of enquiry which the hon. Member suggested is something the practical utility of which I am absolutely unconvinced. That is an absolutely theoretical suggestion and, if I may use rather a strong expression, it comes out of a desire only to criticise and not to offer any suggestion. He says: the blast furnace will be there, but where is the ore and where is the coal? There would not be a blast furnace if there is no coal or ore.

**Shri Naushir Bharucha:** That is what you have stated.

**Sardar Swaran Singh:** That is not what I have stated. My hon. friend has tried to cull out points which appear to him to be very dark. I actually extended an invitation to him. He made somewhat similiar remarks last year and when I intervened in the debate a year ago I said that if he is interested in any of the further details with regard to the type of plant, he is most welcome and he can have a look at the various project reports. I do not think that all the hon. Members would be as interested, as he probably is, in the details of the various plants. But, to refresh his memory, may I draw his attention to the report that we presented to the House last year? In that report we had given a fairly detailed description of the plants. When he spoke, he said: we do not know how many blast furnaces are there and how many coke ovens are there. All that is mentioned in the

report that we presented to the House last year. But, memory perhaps is not a very strong point with him and he can conveniently forget things which do not suit him. In the last year's report, at pages 16-17 in the Appendix we had given the "Main features of the plants". There we had given a fairly good description of the plants. We have stated there that in Rourkela there are 3 batteries of 70 ovens each, in Bhilai there are 3 batteries of 65 ovens each and in Durgapur 3 batteries of 78 ovens each. We have also stated a number of things with regard to furnaces. It may not be very exhaustive. I am myself not an expert, although I do claim that I take interest even in these technical matters.

**Shri Narayanankutty Menon:** Regarding this report, while replying to the debate on the last budget discussion on the 15th of August the hon. Minister himself had repudiated the correctness of what is mentioned in the statement when it came to the refinery section and said that whatever is stated subsequent to that, both inside and outside the House, stands part of the statement, and not the words contained in the statement alone.

**Shri Naushir Bharucha:** His memory is short.

**Sardar Swaran Singh:** My hon. friend has got refinery and oil so much in his mind that he is switching on to refinery now. But I would like to confine myself to steel at the moment. If he has got to say anything about refineries, when the question comes, I will be at the service of the House.

**Pandit Thakur Das Bhargava:** Refined steel.

**Sardar Swaran Singh:** That will be much more heavy than petroleum products which, probably, he would not be able to digest.

I was saying that in the report that we presented to the House last year we gave a fairly good description of the plants. Now, if I have not repeated all that in the present report, and if I have not given the technical details with regard to the various plants, it is not with a view to hide anything. What is there to hide? The whole blessed thing is coming up there. My hon. friend, Mr. Bharucha, is most welcome there. We will extend whatever modest hospitality we can afford, if he pays us a visit there. He can see with his own eyes the coke ovens and the other things that are being erected. I thought he has only read about these things and he does not know what a coke oven or a blast furnace looks like.

13.00 hrs.

Shri Naushir Bharucha rose—

Sardar Swaran Singh: I refuse to give in. At any rate I do not want to be harder than this, but I felt a little provoked because of his speech, which was of a negative nature. He was either black or white; he was not prepared even to be gray. That I thought was rather unfair.

We are engaged in a very serious task. We are straining the resources of the country and trying to produce this precious metal and for any responsible Member of this House to launch a complete attack which is not based on any facts whatsoever—that this has not been done, that has not been done—and to see darkness everywhere is perhaps not correct.

Shri Naushir Bharucha: Everything that I said is in the report.

Shri D. C. Sharma (Gurdaspur): Is it not open to a Member to criticise the Government?

Sardar Swaran Singh: I do not deny that; I am here to serve them.

Shri D. C. Sharma: The hon. Minister is taking the hon. Member to task for pointing out that certain things had not been done. I do not think it is correct.

Sardar Swaran Singh: I think I should concede that they can criticise, but we cannot criticise. I concede that and I would not criticise him further.

So far as the points that have been made by my hon. friend Shri T. N. Singh, who made a large number of very constructive suggestions with regard to the successful execution of these projects and their organisational set up, are concerned, we will give them very careful consideration and do our best to come up to the expectations of the standards that he and the House expect from us.

My hon. friend Shri S. N. Dwivedy again drew rather a dark picture. But he is familiar with the conditions there. I want to assure him that the points that he has mentioned will receive our careful consideration.

Shri Goray (Poona): Won't you invite him? He has also criticised.

Sardar Swaran Singh: You forget he has to invite us to Rourkela, because he comes from that State.

Shri Surendranath Dwivedy (Kendrapara): If you pronounce it properly: it is Rourkela and not Roorkela.

Sardar Swaran Singh: My pronunciation is very bad, not only with regard to this word, but with regard to many other words, including English words. But I thought that was the privilege of our friend Shri Jaipal Singh only, that perhaps, also when he speaks in the afternoon.

13.04 hrs.

[Mr. DEPUTY-SPEAKER in the Chair.]

My only complaint against him is that he quibbled over a word only. What he said was that in the report we have said that by the end of the Plan year the targets would be nearly achieved. Therefore he said that there is reasonable doubt about it. Now, if we use a word a little cautiously, you should give us credit, rather than use it as a stick to beat us. I say that this is a fairly difficult matter and for

[Sardar Swaran Singh]

anybody to swear that the time schedule will be adhered to by an hour, by a day or by a month, will perhaps be too bold a statement to be made by any one, much less by a Government. It was a fair presentation that was made with regard to these things and I think we will do our best to work out according to that schedule.

There is one point which has been raised by more than one Member: about the loan to the Tatas and to the Indian Iron and Steel Company. I think it necessary to say something with regard to that. I would not weary the House by giving details, because its history is very well known and it has been a matter of discussion in the House. Looking through the earlier papers I find that Shri T. T. Krishnamachari made a statement on the floor of the House on the 31st August, 1954 which sums up the position admirably. With your permission I would like to quote it because it is a short one. On the 31st August, 1954 in answer to a supplementary question he said (he was at that time Minister for Commerce and Industry):

"The question of not charging the interest has a long history behind it. I would like to say that when we took up this matter with the Tata Iron and Steel Company in regard to modernisation of their plant, the proposal was put forward by them that as reserves were not adequate for them to embark upon a modernisation scheme, and if they did not do so, their production of 750,000 tons would drop below this figure that we should increase the retention price paid by them, so as to give them a cushion which they will use for purposes of funding and utilisation in the modernisation of the plant. Government examined this proposal and found that it would not be appropriate to raise the consumer price, and give the difference *gratis* to the company. Government, therefore,

decided on a scheme of raising the selling price, and pumping in the difference between the retention price and the selling price into the equalisation fund. The amounts that accrue in the equalisation fund were intended to be used for purposes of helping the industry to develop. It is but natural that when any scheme of expansion or modernisation or even construction is undertaken, the moneys that are ploughed in do not earn any interest or any return during the course of construction and therefore Government felt that if they would encourage these people to go in for expansion, it would result not merely in their keeping up their production level but also in augmenting their production to the extent of 181,000 tons, and so Government should give a help to this industry by means of an interest free loan to the extent of Rs. 10 crores."

Similar reasoning would apply to the case of the loan to the IISCO.

Shrimati Benu Chakravarty rose—

Sardar Swaran Singh: I have not finished. According to the agreements with the two steel companies, Government are to decide on the advice of the Tariff Commission the rate of interest that should be charged from 1st July, 1958 and the repayment schedule. We have now referred the matter to the Tariff Commission.

I think that provides more or less a complete answer. I want to add only one thing for the information of the House—probably most of the hon. Members are aware of it—that the price that is allowed to be charged by these manufacturers—whether they are Tatas or Indian Iron and Steel—is fixed on the advice of the Tariff Commission. The Tariff Commission goes

into the various components that go into price formation. I am not trying to prejudice the issue, but it is a matter for serious consideration as to whether, perhaps, a higher retention price would not have been demanded or perhaps would not have been granted by the Tariff Commission if they were to pay interest. Ultimately whether you remit interest or whether that is paid from the equalisation fund in the form of higher retention price is more a matter of form rather than a matter of substance. I am not trying to argue one way or the other, but that is the factual presentation of the circumstances as they are and on the basis of which expansion is going to be undertaken.

**Shrimati Benu Chakravartty:** After the increase of retention price why should it remain interest-free? In fact they are having both.

**Sardar Swaran Singh:** If interest had been charged the price would have gone still higher.

**Shri T. N. Singh:** What I want to suggest is this. The retention price has been fixed from time to time. While doing this it is Government's duty to examine the recommendations of the Tariff Commission and not to accept them blindly. Some of us feel that their decision may be weighed in favour of the manufacturers. Therefore we want to know whether Government examine the matter independently or accept whatever the Tariff Commission say.

**Sardar Swaran Singh:** Normally, in these cases, the Tariff Commission being an independent body and also having the services of experts available to them, their recommendations are entitled to the greatest respect. That is the sort of feeling with which we start with the recommendations of a high-powered body like the Tariff Commission. But, so far as the legal position is concerned, there is no doubt that ultimately Government have got the authority to even differ from the recommendations of the

Tariff Commission. If, on a careful examination or scrutiny of any particular proposal, the Government comes to the conclusion that a case for differing from these recommendations is made out, surely the Government will not fall in their duty to do the right thing in any particular set of circumstances. But, it will be very difficult for me to say in a general Broadway that whenever any recommendation comes, we should start with a bias of upsetting it and examining it from that angle. That, perhaps, will not be a correct way of looking at the recommendations of a body like the Tariff Commission.

**Shri A. C. Guha:** May I ask a clarification? The hon. Minister quoted something from Shri T. T. Krishnan-achari's speech wherein it was mentioned that the consumers should not be charged more for this. Can he give us an assurance that when the retention prices were increased, the consumer was not made to pay anything more than before?

**Sardar Swaran Singh:** An assurance can be about the future. About the past, he can draw his own conclusion. These facts are there. I am narrating them.

**Shri A. C. Guha (Barasat):** This fund was created out of the consumers' money.

**Sardar Swaran Singh:** I do not know what type of assurance he expects from me. This is really a near assessment of something that has happened in the past. I have presented the view of the Government. If as a result of examination, somebody else, including some Member of this hon. House comes to a conclusion which is different from this, he is entitled to have his own conclusion drawn from that. What I mean to say is, to give an assurance that at such and such a time something was not done or was done is something beyond the scope of an assurance.

**Shri A. C. Guha:** I do not ask for an assurance for the future. I only

[Shri A. C. Guha]

say that when this retention fund was created, the consumer was not to pay anything more than what he would have paid if this retention fund had not been created.

**Sardar Swaran Singh:** My hon. friend is a greater expert in financial matters. He has been my colleague in the Finance Ministry. If at that time he has examined these things and has come to a different conclusion, I will be grateful if he shares it with me. I am completely innocent. I do not know if any other inference could be drawn from this. If, Sir, he thinks that another conclusion can be drawn, I can consult some others perhaps, less eminent.

**Pandit Thakur Das Bhargava (Hissar):** Minister as Ministers do not have the same feelings as other Members of the House.

**Sardar Swaran Singh:** May be. But, I have had the fortune of functioning both as a Member and as a Minister and again as a Member and again as a Minister. I think on that subject I can speak with greater authority than my esteemed friend Pandit Thakur Das Bhargava. He has yet to become a Minister.

I was saying that so far as the factual side is concerned, this is the position with regard to the loan to the Tatas and IISCO.

I think I have attempted to meet some of the points that have been raised. In the end, I would assure the House that the shortcomings that are there are always before me and perhaps, I have the fortune or misfortune of knowing these shortcomings at a closer quarter than is perhaps the privilege of many of the hon. Members of this House. It is my constant endeavour to ensure that we go ahead in the discharge of this rather heavy responsibility of ensuring the successful execution of the projects in this sector which is within my department and which has been described as the core of the Plan.

**Mr. Deputy-Speaker:** May I enquire whether any cut motion is required to be put separately?

**Some Hon. Members:** All together.

**Mr. Deputy-Speaker:** Now, I put the cut motions to the House.

*The cut motions were negatived.*

**Mr. Deputy-Speaker:** The question is:

"That the respective sums not exceeding the amounts shown in the fourth column of the Order Paper, be granted to the President to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1959, in respect of the heads of demands entered in the second column thereof against Demand Nos.—

80, 81, 82, 83 and 128 relating to the Ministry of Steel, Mines and Fuel."

*The motion was adopted.*

[The Motions for Demands for Grants which were adopted by the Lok Sabha are reproduced below. Ed.]

**DEMAND NO. 80—MINISTRY OF STEEL, MINES AND FUEL**

"That a sum not exceeding Rs. 30,70,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1959, in respect of 'Ministry of Steel, Mines and Fuel'."

**DEMAND NO. 81—GEOLOGICAL SURVEY**

"That a sum not exceeding Rs. 1,20,86,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the



31st day of March, 1959, in respect of 'Geological Survey'".

**DEMAND NO. 82—EXPLORATION OF OIL AND NATURAL GAS**

"That a sum not exceeding Rs. 2,00,15,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1959, in respect of 'Exploration of Oil and Natural Gas'".

**DEMAND NO. 83—MISCELLANEOUS DEPARTMENTS AND OTHER EXPENDITURE UNDER THE MINISTRY OF STEEL, MINES AND FUEL**

"That a sum not exceeding Rs. 45,48,98,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1959, in respect of 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel'".

**DEMAND NO. 128—CAPITAL OUTLAY OF THE MINISTRY OF STEEL, MINES AND FUEL**

"That a sum not exceeding Rs. 1,58,50,89,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1959, in respect of 'Capital Outlay of the Ministry of Steel, Mines and Fuel'".

**MINISTRY OF FOOD AND AGRICULTURE**

**Mr. Deputy-Speaker:** The House will now take up discussion and voting on Demands Nos. 42, 43, 44, 45, 46, 118, 119 and 120 relating to the Ministry of Food and Agriculture for which six hours have been allotted. Hon. Members desirous of moving cut motions may hand over at the Table within 15 minutes the numbers of the selected cut motions. Hon. Members

are already aware of the time-limit for speeches.

May I know how many hon. Ministers are expected to speak on this?

**The Minister of Food and Agriculture (Shri A. P. Jain):** Two of us, myself and Dr. P. S. Deshmukh. Dr. P. S. Deshmukh would like to speak at the end of the day at about 4.30. Of course, I will reply to the debate at the end. I will need fifty minutes. He will start at 4.30 or 4.35 and end by 5 o'clock.

**DEMAND NO. 42—MINISTRY OF FOOD AND AGRICULTURE**

**Mr. Deputy-Speaker:** Motion moved:

"That a sum not exceeding Rs. 67,41,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1959, in respect of 'Ministry of Food and Agriculture'".

**DEMAND NO. 43—FOREST**

**Mr. Deputy-Speaker:** Motion moved:

"That a sum not exceeding Rs. 2,34,90,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1959, in respect of 'Forest'".

**DEMAND NO. 44—AGRICULTURE**

**Mr. Deputy-Speaker:** Motion moved:

"That a sum not exceeding Rs. 14, 41, 45,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1959, in respect of 'Agriculture'".