

[Shri B. S. Murthy]

state that, for the time being, import of complete machinery for sugar factories is being stopped and consortiums are being formed in several places for the manufacture of machinery necessary for sugar factories. Therefore, the question of foreign exchange, as far as import of machinery for sugar factories is concerned, will become less important. Soon we may be having Indian machinery for erecting co-operative sugar factories.

One more point. All encouragement is to be given to co-operative effort. Especially sugar factories are being given all help they need. Therefore, I am hopeful that soon there will be many sugar factories rising in several places all over the country and the problem of sugar will be solved. I have nothing more to add except this. The other questions regarding the quantity of sugar required, the amount sent, the amount distributed to the wholesalers or coffee hotels or tea saloons are all outside the question. I think Shri N. R. Muniswamy and others will bear in mind that the Government is not trying to delay. If at all there is any delay, the delay primarily is because of the promoters being not careful in finalising their plan.

Shri Subbiah Ambalam: My question has not been answered about the number of co-operative mills . . .

Mr. Deputy-Speaker: That question can be settled mutually when they are on the same Bench. Shri Nagi Reddy to raise the next discussion. That is about Fertiliser factory in Andhra Pradesh.

Shri Simhasan Singh: I raised a question . . .

Mr. Deputy-Speaker: They were not relevant to the discussion today. They need not be answered.

Ch. Ranbir Singh (Rohtak): That is very important: price.

Mr. Deputy-Speaker: Undoubtedly: not at this moment.

17.32 hrs.

FERTILISER FACTORY IN ANDHRA PRADESH*

Shri Nagi Reddy (Anantapur): Sir, the question that I had asked on the 11th August, 1959 regarding the fertiliser factory in Andhra Pradesh was almost evaded by the Minister when he gave the reply. This question has been on the agenda, I should say, from 1955. Even to this day, we have not had any clear idea from the Government when this factory is going to be established and when we are going to see fertilisers coming out of the factory.

As a matter of fact, if we go a little into the history of this project, we will see that even the report of the Fertiliser Promotion Committee of 1955 had been of the opinion that the factory that is to be established in Neyveli in the Second Five Year Plan may not come off in the Plan period and therefore, they had, at every stage, been saying . . .

Shri N. R. Muniswamy (Vellore): The Minister is not here to give a reply.

Some Hon. Members: Here is the Minister in charge.

Shri Nagi Reddy: . . . saying in the report that if the factory at Neyveli cannot be established in the Second Five Year Plan period, the chance should be given to Andhra Pradesh. They had been very clear when they said, now that "confirmatory data about the extent of lignite reserves and underground conditions have still to be obtained and the suggested solution of the artesian water problem has to be satisfactorily proved", "it is not possible to arrive at any completely

*Half-an-hour Discussion.

reliable data for calculating the cost of pumping water and mining lignite "

Yes, I do not know for what reasons the Government decided that the fertiliser factory should be established at Neyveli, knowing that it is not going to be established and it would not be possible to establish it in the Second Five Year Plan period. The result has been, unfortunately, that the southern region of the country today has no fertiliser factory at all. The answer that was given by the Minister on 11th August, 1959 gives us the impression that the southern region is not going to have a fertiliser factory till about 1965 or 1966 or even 1967. As the days pass on, the year also might be extended. It is for this reason that I think the Government must take a decision now to establish immediately a fertiliser factory in Andhra Pradesh. I think it is one of the reasons why the Government should immediately accept it and give permission to the Andhra Pradesh Government in view of the very reasonable attitude that the Andhra Pradesh Government has taken in trying to secure this fertiliser factory.

Secondly, the report had said in 1955 that the "expediency of increasing the production targets" was one of the reasons for them to give the place where this fertiliser factory should be established. For the simple reason that Andhra Pradesh is one of the major rice-producing centres in the country, and is one of the States where production per acre has also been increasing instead of decreasing as in certain States like West Bengal, I say that Andhra Pradesh must be given the right to establish a fertiliser factory for greater production of paddy in the State. I think that instead of spending year after year money on imports as we have been doing and spending our foreign exchange which is very precious, if we take steps now to establish a fertiliser factory in Andhra Pradesh which is capable of yielding by the end of the Second Plan or by the first year of

the Third Plan period, certainly the country's finances would be better and the production of our foodgrains would increase much faster at least in Andhra Pradesh than it has done so far. That would to a great extent solve the food crisis in the country.

Thirdly, from the facts we know there is going to be a shortfall in the total expenditure in the Second Plan allotted for fertiliser factories, because neither the Durgapur plant nor the Neyveli plant is going to be established as early as we had expected them to be, and it would be in the interests of the country to see that these finances are spent, because they are the most essential expenditure for the nation as early as possible. The Kothagudem site is already there and the Andhra Pradesh Government has already allotted in its Budget Rs 50 lakhs for the establishment of a fertiliser factory, and it is the Central Government that is now standing in the way. Therefore, I think the money should not be allowed to lapse and the State Government should be allowed its proper chance.

We heard that the Andhra Pradesh was going to get its fertiliser factory. That assurance has been almost given in the answer to my question, but from the answer it appears that the trouble is that the Andhra Pradesh Government will contribute 51 per cent of the share capital themselves and they want the Government of India to be a minority partner in the enterprise. I am afraid the Government of India is very touchy about being a minority partner with a State Government. It was so touchy, I can say, in the case of the Singareni coal mines. They insisted on being the major partner, and until it was almost accepted they did not come forward to help in the greater production of the Singareni coal mines. In the same way, I am afraid the Central Government, feeling that it is too big to be a subordinate partner with a State Government, probably does not wish to

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accept a secondary place. I would tell them, after all, it is a public sector project. The State Government are going to have 51 per cent. of the shares; the Central Government are requested to help it by purchasing probably about 30 per cent. of the shares; the rest of the money will be collected from the peasants of Andhra Pradesh. The Chief Minister of Andhra Pradesh has been going all out to get this factory set up as early as possible, and he has been trying to create the necessary enthusiasm among the people to help in the establishment of the factory as fast as possible. Naturally, at this moment, when the co-operation between the people and the Government is closer on this particular issue, if the Central Government come in the way and put spokes, naturally, the co-operation will vanish. I wish that the Central Government which seeks the co-operation of the people for the implementation of the development projects envisaged in the Plan, will come forward to help us, and also give us an assurance today that this factory which is being pressed for by the people and the Government will be allowed to be established in the Second Plan period, and will not be postponed for the sake of the other reports yet to come from the fertiliser committee, with a view to decide whether it should be established there, when it should be established, and if it were to be established, when we should take the preliminary steps.

Mr. Deputy-Speaker: Shri T. B. Vittal Rao.

Shri Viswanatha Reddy (Rajampet): I have given notice of this discussion jointly with Shri Nagi Reddy. I may be given some time for making my submission.

Mr. Deputy-Speaker: I could call only one Member. The other Members can put questions. Shri T. B. Vittal Rao may put one or two questions; thereafter, I shall allow the hon. Member.

Shri T. B. Vittal Rao (Khammam): Shri A. P. Jain, when he was Food and Agriculture Minister, while presiding over a meeting of the Fertilisers Importers' Association in October, 1957, at Hyderabad had stated that he was prepared to grant a licence for a fertiliser plant, if any party came forward, in view of the insatiable demand for fertilisers in the country.

Now, when the State Government of Andhra Pradesh have come forward to set up a factory and are also prepared to meet more than half of the expenditure or the capital cost of the plants, why should the Central Government not give a clearance or grant a licence? May I also know whether Government are aware of the fact that the fertilisers which will be produced in the factory that is proposed to be set up at Kothagudam will be cheaper than even the Sindri Fertiliser Factory?

Shri Viswanatha Reddy: The question, as a sequel to which this discussion has arisen, has placed three points for consideration before us. At the outset, I might say that subsequent to that question, there was another question, and in answer to a supplementary on that question, the hon. Minister Shri Lal Bahadur Shastri was good enough to assure us that a fertiliser factory in Andhra Pradesh would be an accomplished fact in the very near future. That was a very happy assurance that he had given and if that statement had come earlier, probably, the necessity for giving notice of this discussion might not have arisen.

However, I should like to place three facts for the consideration of Government. One is the fact which has been referred to by my hon. friends, namely, that the Andhra Pradesh Government have submitted a scheme to the Centre, in which they have agreed to participate to the extent of 51 per cent. in the capital, and have requested the Government of India to invest as much of the rest of

the capital as possible. I am sure the Central Government are not touchy of being a minority partner, because in other ventures, they have already accepted that position, particularly, in the State of Orissa, in the Mineral Development Corporation, where they have minority shares. Therefore, I do not think my hon friend should feel that the Central Government are nervous about being a minority partner.

Shri T. B. Vittal Rao: Even with foreign capital, they have accepted minority shares in some ventures.

Shri Viswanatha Reddy: Yes, my hon. friend is only substantiating my point.

Therefore, this is the first point for consideration I would like to know what the decision of the Central Government is. As has been pointed out by my hon. friend, Shri Nagi Reddy, this question has been in the air for the past five years, although it has been denied by the hon Minister, Shri Satish Chandra, in answer to that Question I can recall to his memory the discussion that took place here only five years ago during which Members from the then Hyderabad and Andhra State areas jointly put pressure on the Central Government to start a fertiliser factory either in the Hyderabad area or in the Andhra area, according to their decision.

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): I remember that and I had said it was considered. This question was discussed in connection with the Second Plan projects.

Shri Viswanatha Reddy: I do not think so.

The second point that I would like the hon. Minister to consider is that in Andhra Pradesh, the consumption of fertiliser today, or at least the demand for fertiliser today, is 2,75,000 tons. A fertiliser factory

situated in Andhra Pradesh can easily meet this demand. It can not only meet this demand, but the transportation of fertiliser would also be facilitated, because the whole production of a fertiliser factory being consumed in the same State is, I think, a very favourable factor in considering the establishment of this factory. Therefore, I would like him to tell me why this factor is not being considered in its proper perspective by the Central Government.

Thirdly, I would request the hon. Minister to let us know what the difficulty is with regard to the capital structure. In answer to the question under reference, he said that the capital structure involved in the proposal to set up a fertiliser factory was being considered. I do not know what exactly is meant by this. If there is any difficulty about the capital issue position, I would like him to enlighten us. Otherwise, there need not be any difficulty in arriving at a quick decision.

Besides, it has already been stated that the establishment of this factory will be considered along with all the other proposals that are being examined by the Technical Committee on Fertiliser Factories. I do not think that is the correct procedure. Since the decision of the Central Government is that there should be a fertiliser factory in each State, I do not see any reason why the consideration of the establishment of this factory should await the recommendations of the Technical Committee in respect of other States.

Therefore, I would request Government to see that a decision regarding this factory is taken at an early date. As has been suggested by Shri Nagi Reddy, since the amount available for other factories is not going to be spent, that amount can be diverted, the necessary foreign exchange provided and the factory established before the end of the Second Five Year Plan.

]Shri Viswanath Reddy[

Shri Keshava (Bangalore): Would not acceptance of a lesser quantum of shares in the concern be quite consistent with our ambition to establish a socialistic pattern of society between the State and the Centre? If so, why not accept it?

Shri Heda (Nizamabad): May I know what is the proposal forwarded by the Andhra Pradesh Government so far as the setting up of this factory is concerned? What is the amount involved, what is the share capital and what is the loan desired?

Shri Satish Chandra: It is not known. That is the difficulty

Shri Heda: What we feel is that they have not given this in black and white because they are discussing it and after there is a sort of compromise or agreement, everything will be given in black and white. All the same, I think proposals have been mooted and, therefore, we would like to know where the real hitch is.

Shri Satish Chandra: Mr. Deputy-Speaker, Sir, I appreciate the anxiety of hon. Members from Andhra to get some sort of assurance about the setting-up of a fertilizer factory in that State. But it becomes a little difficult to answer the points which have not much relevance to facts. Several things have just been said about the answers given by me and even by my senior colleague, the Minister of Commerce and Industry.

Shri Viswanath Reddy: Unfortunately, I have not got the proceedings with me; otherwise I would have quoted.

Shri Satish Chandra: I have got the proceedings; It has been stated that the hon. Minister of Commerce and Industry said that the establishment of a fertilizer factory in Andhra Pradesh may be treated as an accomplished fact. If the hon. Member wants,

I can read out what he said. Shri Lal Bahadur Shastri said:

"Naturally, we are thinking about the Third Five-Year Plan and we must have a co-ordinated scheme and a well-considered scheme. So, we would like to wait for the report of the committee. Yet, we do not want that if there is any proposal which could be taken up earlier than that we should not do so or we should not consider that. Specially in respect of Andhra, as the hon. Deputy Minister has said, the committee has already submitted its report and it has been sent to the Andhra Government. I fully realise the necessity of setting up a fertilizer factory in Andhra. It is one of our surplus States and it is necessary that we should help Andhra in the matter of setting up a fertilizer plant in that State. Besides that there are other States also. In a general way I would like to say that I would very much like that almost every State should have a fertilizer plant. Unless of course there is some basic difficulty, for example, shortage of raw material or other things, we would very much like that each State should have at least one fertilizer factory so that they can help in stepping up the agricultural production as well as the cash crops which are absolutely necessary for the improvement of exports of agricultural products."

This is exactly what I also said in my answers on several occasions that day and on a previous day. Every word of what I have said was clear. I had tried to give maximum information it was possible to give at this stage. My answers were clear and precise.

The hon. Mover has said that they were vague. I should have been

grateful to him if he had pointed out the vagueness about my answers. I had put my answers in clear language. And, whatever information was available and could be given had been given in an unreserved manner.

As I said, Sir, it is not really the dissatisfaction arising out of these answers, but the anxiety of the hon. Members to hasten the decision which has prompted this discussion. I welcome it because being connected with the Ministry responsible for the establishment of fertilizer factories in the country, I am as such anxious as the hon. Members that a decision should be taken as early as possible.

The Technical Fertilizer Committee has been appointed to study various locations and to recommend suitable sites for the establishment of the fertilizer factories in the Third Plan period. The position is not clear even to the Ministry which is in charge of it. How much resources can be provided for the setting up of the fertilizer factories in order to meet the demand which has been estimated at about 1.2 million tons of nitrogen, or 5 times that quantity in terms of ammonium sulphate—the percentage of nitrogen differs in each type of fertilizer—at the end of the Third Five Year Plan?

On a rough calculation we have estimated that about Rs. 275 to Rs. 300 crores will be required to establish that capacity in order to meet the increasing demand for fertilizers—nitrogenous and phosphatic—in this country. Out of this, more than Rs. 100 crores will be the foreign exchange component.

Until the Planning Commission can give us an indication about the availability of internal resources as well as the foreign exchange, we cannot make any firm commitments. The Chief Minister of Andhra has been carrying on correspondence with our Finance Minister on this subject. The Finance Minister wrote to him about

the immediate foreign exchange difficulty. Our foreign exchange resources are committed for several years to come. These fertilizer factories can only be set up when funds are available from some foreign loan. Most of the Plan projects in future will have to be thought out on that basis because our current foreign exchange earnings are not even sufficient to meet the current requirements of production and for the sustenance of our economy.

Shri Viswanatha Reddy: That is precisely our point. We are trying to make a special case for Andhra, instead of being in the integrated pattern that is applicable to the rest of the country's Third plan.

Shri Satish Chandra: That is exactly I am pointing out. It is difficult to separate these things. The hon. Member says that Andhra is a big consumer of fertilisers. There are other States also which consume fertilisers on the same scale. He referred to Durgapur. So far as I know, there is no factory coming up at Durgapur during the Second Plan period. It is being considered as one of the sites for the Third Plan. As far as a factory in Andhra Pradesh is concerned, our additional difficulty is that the proposal from the State Government suggests that they will hold 51 per cent shares and the Central Government should be a minority shareholder. Then, they want resources to be provided in the form of loan by the Industrial Finance Corporation of India. It is not indicated how much money they want to invest. The capital structure of the company is not indicated. Rs. 25 crores would be the capital investment. How much of it will they contribute themselves? What will be the authorised capital of the company? These have not been indicated. It is not a question of the Central Government being touchy about becoming a minority partner in an enterprise like this. But certainly the Central Government has to think of it. There is only one large fertilizer factory in Sijndri at present. That factory has

[Shri Satish Chandra]

been supplying fertiliser to areas extending from Kashmir to Cape Comorin because it is a Central factory. There are some factories coming up at present. The Nangal factory or the Neyveli factory or the Rourkela factory will supply fertilisers throughout the length and breadth of the country. We have to understand the implication of this proposal that 51 per cent shares should be held by the State Government. The hon. Member says that all its product will be utilised in Andhra. The question is whether we are planning fertiliser production on State basis or whether we are planning fertiliser production for India as a whole so that an area whether it is in one State or the other is supplied from the nearest source of supply. These are the points to be gone into.

There are several other important matters of principle which have to be examined. The Central Government will be very happy if more fertilizer factories are established as early as possible. In spite of the hon. Member's impatience, I might say that we are pleading with the Planning Commission and the Ministry of Finance that since the report on Andhra is available, we should be allowed to go ahead. But there are so many important factors which need examination. If hon. Members want me to give an immature assurance, it is neither fair to me nor to them.

I said in my answer to the question the other day that Andhra has a very good claim. I repeated it twice or thrice in answer to the questions both on the first and the second day. In spite of that, if it is made to appear in this House that there is lack of sympathy on our part, that we are trying to hold up this scheme and that the southern sector is being subjected to some injustice—as if the northern sector with due regard to its area and population is more advantageously placed in this respect—I say it is

a reversal of facts and the criticism is not quite justified.

Shri T. B. Vittal Rao: Only had planning was there in the Second Plan.

18 hrs.

Shri Satish Chandra: In the Second Plan we had resources for three fertiliser factories in addition to the expansion of Sindri. Out of those three, one was set up at Nangal because the electrolysis process was adopted to produce heavy water for the Atomic Energy Commission. Facilities for the production of ammonium nitrate by this process were not available anywhere else. Of the other two fertiliser factories, one is being set up at Neyveli and another at Rourkela, which is as much south to us as it may be north to the hon. Member. What is north or south? I do not know why this always comes up. It is a relative geographical term. What is north to him may be south to me. Probably, the distance from Andhra to Rourkela is much shorter than the distance from my area to Rourkela. To say that the southern sector is being shown some injustice is, I must submit, very unfair to all of us.

We are trying to clarify the position from the Government of Andhra. We do not know what the capital structure is going to be. The scheme they have sent is the same as the scheme recommended by the technical committee. The technical committee went to Andhra to select a site and make suitable recommendations. These recommendations were made after discussion with the State Government. Even before the committee submitted its report, the State Government informed us that they want to produce urea and nitro-phosphate. The quantities indicated were exactly word for word the same as the committee was going to recommend. They sent up the proposal saying only this much,

that they want 51 per cent of the shares, they want the Government of India to be partners, they will approach the Industrial Finance Corporation for loans to provide additional resources. The approval of the Government of India may be given to the proposal and that some foreign exchange may be allotted to them to proceed immediately with this matter. I can assure you, Sir, that the Government of India will look into the matter and examine the proposal with the fullest sympathy. It does not want to stand in the way of a fertiliser factory being set up in Andhra Pradesh. The proposal is that it should be a factory for the production of urea and nitro-phosphate utilising the slack coal of Singareni coalfields for the purpose.

It is feasible proposition. The technical committee has examined it. The Andhra Government has only repeated what the technical committee has said after proper investigations. They have sent a letter to us which appears at present to be a vague proposal. Now, to make it appear to the world that the Central Government is standing in the way and is not proceeding ahead with the proposal of the Andhra Government is not quite correct. The proposal of the Andhra Government is vague; and to say that the answers given by

me on behalf of the Government of India are vague is not quite justified. The hon. Members need not have any misgivings about the Central Government in these matters. We will be happy if a fertiliser factory is set up in Andhra Pradesh. Apart from food production, a fertiliser factory in that State is important from the point of view of exports. The State has several exportable agricultural products like tobacco, oilseeds etc. So, we would very much like that a fertiliser factory should be set up there. In fact, several discussions have taken place here. The proposal has to be formally approved by the Planning Commission; it has to be discussed in the Ministry and has to go to the Cabinet. Finally the resources for it must be found out—both indigenous rupee resources as well as foreign exchange resources—and a clearer picture must emerge before I am able to say that a decision has been taken to set up a factory in Andhra as recommended by the technical committee.

Mr Deputy-Speaker: The discussion is over.

12.07 hrs

The Lok Sabha then adjourned till Eleven of the Clock on Saturday, September 12, 1959/Bhadra 21, 1961 (Saka)