

Shri Narayanankutty Menon: Yes,
S.

14.15 hrs.

**MOTION RE REPORTS OF THE
ORISSA MINING CORPORATION**

Mr. Deputy-Speaker: The question
is:

Shri Panigrahi (Puri): Mr. Deputy-
Speaker, Sir, I beg to move:

"This House recommends that
in the Petroleum and Natural Gas
Rules, 1959, laid on the Table on
the 25th November, 1959, the follow-
ing proviso be added to rule 8,
namely:—

"That this House takes note of
the First and Second Annual Re-
ports of the Orissa Mining Cor-
poration (Private) Limited for the
years 1957 and 1957-58, laid on the
Table of the House on the 16th
February and 19th November, 1959
respectively."

'Provided that the Central Gov-
ernment shall conclude such agree-
ment only after the terms of the
said agreement have been approved
by both Houses of Parliament.'

This Orissa Mining Corporation has
been established for the last 3 years.
In the First Annual Report its ob-
jective have been made very clear.
It has been stated:

Those in favour will please say
'Aye'.

"The objects for which the Cor-
poration is established are, the
raising and assembling and trans-
porting of iron ore and other min-
erals in such areas in Orissa as the
Corporation may from time to time
determine, for the purposes of sale
or export, and the doing of all other
things as are incidental or con-
ducive to the attainment of the
above objects, including the provi-
sion of facilities for the transporta-
tion from the mining areas to and
at Paradip."

Some Hon. Members: 'Aye'.

Mr. Deputy-Speaker: Those against
will please say 'No'.

Some Hon. Members: 'No'.

Mr. Deputy-Speaker: I think the
'Noes' have it.

Shri Narayanankutty Menon: The
'Ayes' have it.

Mr. Deputy-Speaker: Then I can-
not take it up now; it will have to
be held over. Can it be held over
till 3.00 p.m.?

It has been specifically stated that
the Mining Corporation has been
established in pursuance of the objec-
tives laid down in the Industrial
Policy Resolution of the Government
of India. It is the first and the ear-
liest undertaking in this field, both
the Government of India and the Gov-
ernment of Orissa having a share in
it. And, it is the first Mining Cor-
poration in India which was formed
to carry out the object laid down in
the Industrial Policy Resolution.

Shri T. B. Vittal Rao: At 2.30.

Mr. Deputy-Speaker: We will take
it up again at 2.45 for voting only.

But, if you go through these two
annual reports you will find that
though attempts have been made by
the Corporation to implement the high
objectives for which it was establish-
ed, the shortcomings which have

Now, let us proceed to the next
item.

[Shri Panigrahi]

come in its way have not helped it to grow as it was desired originally.

I was going through the Industrial Policy Resolution. So far as mining of iron ore is concerned they have very specifically mentioned that Government have taken the very deliberate decision to expand the public sector so far as the mining of iron ore is concerned.

This Orissa Mining Corporation which was started in May 1956 has not made very good progress. From the working results which have been explained not in great detail but in brief in the two annual reports, it is revealed that the Corporation has not got sufficient encouragement from the authorities concerned. It has been said that the working results will be more significant if the areas had been increased. It will then be possible for the Corporation to secure large-scale economies.

You will find that this Corporation for the last 3 years had applied for leases of areas which are rich in iron ore, chromium or manganese ore deposits. But the corporation has not been favoured with the lease. Rather, private individuals have been given over-riding considerations and the application of the Corporation has been overlooked.

It has also been stated in the report that the Orissa Mining Corporation has experienced difficulty in securing adequate supply of wagons as a consequence of which the entire production could not be railed from one of its mining areas, for example, in the district of Mayurbhanj near Padampahar railway station. It has been stated in the report that the Corporation was not given railway plots in the Jaipur centre where it has got a mining area being worked out. They were not readily available to the Corporation. Because of that it could not raise the necessary amount of iron ore.

Similarly, let us look to the application for mining lease. Orissa possesses vast resources of mineral ores. Orissa is very rich in iron and chrome ores. 87 per cent of the total chrome ore available in India is in Orissa. You will be surprised to know that an area of 1.4 square miles containing chrome ore in the Cuttack district was given in lease to a private party, Sirajuddin and Company and not to the Orissa Mining Corporation though it is a State undertaking. It has been estimated that Orissa possesses at least 2300 million tons of iron ore. An area in Cuttack was prospected by the Corporation and it applied for that area. It was estimated that the iron ore reserve in that area was 27 million tons. Though the Corporation applied for this area earlier than a private interest, its application was not forwarded for the consideration of the Ministry of Steel, Mines and Fuel. I do not accuse Shri Malaviya because the application did not come but was retained by the State Government. The private interests, Nandram and Hantram applied for this area in April, 1957 while the Corporation applied for the same area in February 1957 but it was not favoured with the lease.

In answer to one of my questions, the hon. Minister has admitted that the application for the Tomka and Sukinda areas was not forwarded to the Government of India for consideration. The private mining interests, Sirajuddin and Company and Nandram and Hantram are given more preference than the Corporation though it is a hundred per cent controlled Government Corporation.

I can also cite the instance of one private mining interest that applied for lease in that area, free area. The Government of India appointed an expert committee to visit the places in Orissa where there were deposits of iron ore and other ores. The Committee has also said that certain portions should be reserved for these

free areas for exploitation completely by the State sector. But you will be surprised to know that in these very areas in Cuttack, one private mining party applied for lease for an area of 1245 acres for which the Corporation also applied. But preference was given to the private mining interest and it got the 1245 acres. But it encroached upon 83 acres more from that free area and no action is being taken against that concern though the Corporation has been deprived of this.

I shall not refer to the limited resources of the Orissa Mining Corporation. The hon. Minister is very well aware of that. It is not that the officers of the Corporation do not want to work but they are working under hardships and the State Government is interfering at every step. I got a letter from the capital of Orissa, Bhubaneswar. The General Manager of the Corporation, Shri Ramachandran, is being forced by the State Government to give a lease to the private mining interests and efforts are made not to forward the application of the corporation. I would like to be enlightened on this subject by the hon. Minister. If a corporation has been established by the Governments of India and of Orissa with the sole objective of implementing the Industrial Policy Resolution of our Government, if it does not get any preference during the last three years of its formation, what is the necessity of having a corporation in the public sector? The hon. Minister must look into all these things. If the officers of the Corporation send any complaint, do they ask any favour from the Government of India? They must be given preference and they should not be intimidated by the State Government making the Corporation to suffer.

I shall now refer to the disabilities of the Corporation. I know the hon. Minister is aware of them. The Corporation has got vast scope for development. You will find in the

report that it intends to expand its activities by Rs. 10 or Rs. 5 lakhs. I would urge upon the Minister to see that it gets sufficient capital so that it can expand its activities.

The State Trading Corporation has its dealings with the Orissa Mining Corporation so far as the export of iron ore is concerned. This Corporation was established with a particular objective—that is to see that the port of Paradip also develops through the export of iron ore. What was the amount of ore exported through this port and how much of it has been secured from this Corporation and how much of it, from private interests? 18,000 tons of iron ore were exported through Paradip and only about 3-4000 tons had been secured from this Corporation. The rest came from Nandram and Hantram. Is it that the Central Government and the Government of Orissa intend having a port only to satisfy the private mining interests who will get what profit they could and not the Corporation? All these points need an enquiry. I think the hon. Minister has not been kept informed of all these developments and the difficulties the Corporation is facing. So far as the export of iron ore is concerned, you will see that the Corporation is working under difficulties.

Now, let us look to the cost of raising iron ore. In Maharajpur mines and Mayurbhanj mines it comes to about a little over Rs. 5 per ton. When the ore is sent from the pit-head to the rail-head the cost comes to about Rs. 17 per ton. Sir, all the mining areas which are situated in the inaccessible parts of Orissa have been given on lease to the Orissa Mining Corporation. You can very well imagine why when the raising cost per ton comes to Rs. 5 per ton the cost comes to Rs. 17 per ton when it is transported to the rail-head. How can the Orissa Mining Corporation compete with private mining interests?

These private mining interests have taken on lease the mining areas in

[Shri Panigrahi]

Cuttack, Sukinda and Tomka. They are able to raise iron ore at Rs. 3 to Rs. 4 per ton and they are selling that ore to the Government of Orissa at Rs. 27.25 per ton. You can very well see the difference. The Orissa Mining Corporation is working with all kinds of difficulties. How can such a concern be profitable, where the Government of India has invested money and the Government of Orissa also has invested money?

The hon. Minister of Steel, Mines and Fuel, Sardar Swaran Singh, once disclosed in this House that the resources of the Orissa Mining Corporation both in men and equipment are very meagre. It is a fact. Therefore, the Government of India should help them in expanding its activities with more money so that the Orissa Mining Corporation can appoint more experienced and skilled men and expand its activities. It is now suffering from lack of funds and the Government of India should go to its help.

During the last two or three years the Orissa Mining Corporation has been able to raise only 47,450 tons of iron ore. Is it profitable for a mining corporation to work if during the last two working years it has been only able to raise 47,000 tons of ore, whereas a private mining company every day raises about 10,000 to 15,000 tons of iron ore? Therefore, if the Government really intends that the Orissa Mining Corporation should be there, it should prosper, it should expand its activities and it should exploit the iron ore resources and chrome and manganese ore resources which are available in Orissa, then I would request the hon. Minister to go to the help of the Orissa Mining Corporation. He should look into its difficulties and see that the Orissa Mining Corporation gets enough assistance from the Government so that it can expand its activities in the near future.

Then, the Orissa Mining Corporation contracted with the State Trading

Corporation to supply 35,000 tons of iron ore before 30th June, 1958. I would like to know from the hon. Minister how many tons of iron ore the Orissa Mining Corporation has been able to supply to the State Trading Corporation. The Orissa Mining Corporation has not been able to supply the required quantity of 35,000 tons of iron ore to the State Trading Corporation. Why? That is because the Orissa Mining Corporation has not been able to work out the mines given to it. The total reserve of ore in the Maharajpur and Mayurbhanj mining areas is not more than 2 lakh tons to 3 lakh tons. How can the Orissa Mining Corporation work profitably with such low reserves of iron ore. As against this, in Sukinda there are nearly 27 million tons of iron ore which has been explored. Why not the Orissa Mining Corporation be given preference and given the lease of these areas which are rich in ore reserves? Why should these areas be given to private mining interests?

I will now tell you how the Orissa Mining Corporation is being helped by the Railways and by the State Trading Corporation. There was a specific provision that the Orissa Mining Corporation should help in providing transport facilities for the export of iron ore at the port of Paradip. What fund have you kept at the disposal of the Orissa Mining Corporation, so that it can develop transport facilities so far as export of iron ore is concerned at the port of Paradip? No amount has been spent so far because the amount placed at the disposal of the Orissa Mining Corporation is very meagre. As already said, the men and equipment at the disposal of this Corporation are also very meagre, and they cannot undertake such a big task which they are required to undertake if they are not supplied with necessary men, necessary equipment and material.

The Orissa Mining Corporation has, as I said, got tremendous possibilities

of expanding its activities in Orissa. The hon. Minister recently has formed a National Mineral Development Corporation and that Corporation is looking after the Kiriburu mines in Orissa. A sum of Rs. 15 crores has also been placed at the disposal of that Corporation. Why should not the Orissa Mining Corporation be given this specific area for development of iron ore mines in Orissa? If the National Mineral Development Corporation has been given the area in Kiriburu, the Orissa Mining Corporation should at least be given the entire area in Sukinda and no private mining interest should be given any lease there. The Orissa Mining Corporation should also, as I said, be given the scope to expand its activities in that area. Then you will see that the Orissa Mining Corporation will be able to give to the Government of India sufficient amount of foreign exchange because the iron ore resources in Orissa are tremendous and they need fast development.

I will now refer to another point. Why is it that the Orissa Government is now acting as "middle man" between the State Trading Corporation and the Orissa Mining Corporation?

The Minister of Mines and Oil (Shri K. D. Malaviya): Orissa Government is acting as "middle man"?

Shri Panigrahi: Yes. The Orissa Government is acting as "middle man" and purchase iron ore, from the Orissa Mining Corporation for supply at Paradip Port to the State Trading Corporation. How much goes as commission I do not know. Why is it that the Orissa Mining Corporation is not allowed to supply its iron ore directly to the State Trading Corporation at a fair rate? In the report it has been said that the Orissa Mining Corporation is getting a fair rate from the Orissa Government and from the State Trading Corporation. But you will find that whereas a ton of iron ore is being given, delivery of at

Paradip Port at the rate of Rs. 27.25 per ton, the raising cost of the Orissa Mining Corporation is Rs. 5 per ton and when it goes to the rail-head it comes to Rs. 17 per ton. How can the Orissa Mining Corporation make any profit? There is no reason why the Orissa Government should enter into any negotiation with the Orissa Mining Corporation, purchase the iron ore from them and then sell it to the State Trading Corporation making a commission over it. I think it is not necessary. I hope this procedure would not be followed in future.

Lastly, Sir, I refer to the Orissa Mining Corporation's recent applications for lease. The Orissa Mining Corporation has applied for lease for 13 places, and has applied for lease for chrome ore and also for iron ore. I want to be assured by the hon. Minister that the applications of the Orissa Mining Corporation will not be detained by the State Government. The application of the Orissa Mining Corporation should be forwarded to the Government of India and the Government of India should have no other consideration, private or public, but to favour the application of the Orissa Mining Corporation and to grant the leases which the Corporation has requested, so that in the next annual report we will be able to find that the Orissa Mining Corporation has progressed satisfactorily and has expanded its activities.

Mr. Deputy-Speaker: Motion moved:

"That this House takes note of the First and Second Annual Reports of the Orissa Mining Corporation (Private) Limited for the years 1957 and 1957-58, laid on the Table of the House on the 16th February and 19th November, 1959, respectively."

Shri D. C. Sharma (Gurdaspur): The hon. Member who preceded me has looked at the whole problem, mainly from the local and the State aspects. It is a very wholesome point

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of view. I however want to look at this problem not only from the limited context of the State but also from the all-India context. I do so because I think that this kind of corporation which is described in the report as a pioneer corporation is going to be more or less a model for similar corporations. It is a corporation which is going to blaze the trail for similar corporations which are going to develop and expand our mining resources in this country. I have no doubt that our resources in this field are very, very great. As time passes, I think we will have a great deal of good out of those resources.

The very first thing that I noticed in the reports in this. So far as the Orissa Mining Corporation (Private) Limited is concerned, on its directorate there are so many I.A.S. and I.C.S. officers. I have a great regard for I.A.S. and I.C.S. officers and I know that the chairman of the corporation is an officer of a very high reputation, an officer who has given a good account of himself in several fields. But I should have thought that in a corporation like this, we do not require only administrative talent as such but we require what one might call mechanical and professional talent. I would like the directorates of corporations like this to make a balance between those who have some gift to administer and those who can supply the technical knowledge and who can help the directors to tide over the technical difficulties and who have some kind of professional knowledge of these things. I feel that the directorates of all these corporations should represent a kind of mixed economy, a kind of happy combination of administrators, technicians and professional men. I hope the hon. Minister who is so much interested in the mining processes and who has made mining a live subject in our country will take due note of this suggestion.

I like these reports very much, because, not only they can stand a general reading as one runs through the pages, but there is also a lot of material contained in them, if one reads between the lines. I feel there has been given to us something where I can read something which is not said but which is implied. These reports are very good reading for what they say, but they are worth reading for what they do not say implicitly and directly. For instance, I find that the Orissa Mining Corporation is a child owned by two parents. It is a child of the Central Government and a child of the State Government.

Pandit D. N. Tiwari (Kesaria): One is the father and the other is the mother!

Shri Mahanty: There are always two parents.

Shri D. C. Sharma: When a child is claimed by two parents, I do not predict a very bright future for it.

Shri Mahanty: Why?

Shri D. C. Sharma: The hon. Member knows it very well. I would submit very respectfully that an enterprise like this, an enterprise of national magnitude, an enterprise of great national possibility, an enterprise of great use in respect of our natural resources, should be centrally administered. It should be in the charge of the Centre. I do not think that a corporation like this should be partly under the Centre and partly under the State. I think its utility will be much more increased if the Centre, which has an overall view of the mineral resources of the country, which has to prospect, mine, exploit, export and sell, is in full charge of it. It is not necessary that the State should come in because the State Government can after all look at this problem from a very limited point of view only, whatever its qualifications. I would, therefore, say that corporations like this should be centrally controlled, centrally managed and

centrally administered and centrally looked after.

Shri Mahanty: Oh!

Shri D. C. Sharma: Shri Mahanty is the finest gentleman I have come across in this House and I have great regard for him, but his interruptions are not always very effective. I was submitting very respectfully that the record of the State Government in this matter was not very encouraging. I am sorry to say it. I think Shri Panigrahi has referred to that point. Firstly the grant of leases takes a lot of time. Secondly, the leases that are granted are not commensurate with the demands that are made. For instance, when they want leases for 17 acres they get them only for a few limited number of areas. The third point is this. The State Government has to make the choice between private prospecting and State prospecting of these mines. It is a very difficult decision to take. So, this Corporation, which is half-Centre and half-State, gets only the left-over or the remnants of private enterprise. I think the private enterprise is the top-dog there and the Corporation is a kind of underdog. This Corporation does not enjoy that kind of privilege which it should enjoy.

There is the other difficulty also. Of course, the results are satisfactory. They do not say that the results are satisfactory, but they say, "the results are not unsatisfactory". I like this kind of statement. But there is the other snag, that of rail transport. It is said in this report that the supply of waggons was not as adequate as it should have been. This is a difficulty under which this Corporation is functioning. The Railway Ministry does not co-operate with it as fully as it should and does not give priority to this. The Corporation has to carry certain things by means of motor transport and I am told that the motor transport which is placed at the disposal by the Gov-

ernment of Orissa is not adequate. Therefore, this poor Corporation, even though its Chairman is an ICS officer, has to depend on private transport to supplement the efforts of the State Transport Department. Sometimes it has to use private trucks. So, this is another obstacle in the way of the Corporation. So, the result is that in the Jajpur sector railway facilities were not readily available and the Corporation could not build up a stock at the railhead. It is a very innocent statement, but it means that the facilities are not adequate and that this leads to so many financial disabilities.

Another point that I want to make is that the State Government does not have any idea of what this Corporation can become. It does not have any idea of the great potentialities of this Corporation. Orissa is a State rich in iron ore and other minerals. If these are exploited, it can become one of the most progressive States in this country. Mineral resources are a gift. But somehow, the State Government does not take into account the fact that this thing should be done at a level which can add to the exchequer of the State Government, to the financial resources of the Government of India and give to our countrymen a new kind of hope, so far as mineral development is concerned.

15 hrs.

There is a statement which I want to highlight so far as this report for 1957-58 is concerned. That is given on page 3:

"Your Company has spared no efforts in searching out areas and making applications for the grant of concessions over them."

What is the implication? The Company has been making applications, but they have not been granted. as

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expeditiously as they should have been. It is also said here:

"In case these are granted in the near future, your Company with its resources and its experience, could contribute splendidly to the achievement of the Government's intentions as set forth in the Industrial Policy Resolution of April, 1956."

This shows the meagre support given to this by the State Government. It is said that if those concessions are given, this Company can be capable of giving very splendid performance,

"in addition to providing employment on a large scale within the country and adding to the efforts of the country in earning the much needed foreign exchange".

So, the employment potential of this organisation and the financial benefits of this Corporation are not taken note of. So, I submit to the hon. Minister that this Corporation should not be looked upon as a poor relation. This Corporation should be given all its rights, all its privileges and all its due, because this is going to show to us what we can do in this new field.

I have also something to say about the auditor. I compliment the auditor for giving a very thorough report. I wish all auditors could do that. The auditor has not left anything unnoticed. I do not know who that gentleman or company is, but I find that the auditor has done a very thorough job, so far as this Corporation is concerned. I feel that the points he has raised in the report should be looked at very carefully. For instance, I refer to para. 1(b):

"But this explanation could not stand the test of audit. Some instances of this type of irregularities are furnished below,

which are illustrative, but not exhaustive."

These are irregularities with reference to the labourers and the wages paid to them. I quite realise that this Corporation is in its formative stage. Even then there should be better accounting here than I find.

Then I come to item 2. It is stated that the price which has been billed on 2,318 tons cannot be taken as correct. This means that there is something wrong with the fixation of price procedure, and I hope it will be rectified next time. Then, regarding under-loading charges it is said that the excess railway freight charged for this is Rs. 13,505.37 nP. This could have been avoided by proper supervision.

Then I come to item No. 4. It is said that there is no distribution list or register maintained and so the rice account vis-a-vis the recoveries could not be checked. On item 5 we are told something about the construction accounts. It is said that the bills were not passed by the competent authority.

Item 6 relates to the purchase of tools. The purchase of tools was not planned well in advance and the bulk purchases were not made by inviting quotations from different suppliers on open tender basis. It is also stated that the detail of accounts of tools was not maintained. Then it is stated:

"In the absence of any further agreement varying the abovesaid stipulated rate of 2 annas per ton, the provision made by the Corporation at the rate of 4 annas per ton for unloading 4,994 tons of ore at Jenapur is held under objection."

So, the unloading charges were in excess of the normal rates.

Then it is stated that the consumption of petrol for vehicular traffic could not be checked.

Mr. Deputy-Speaker: Is the hon. Member reading every item?

Shri D. C. Sharma: This is the most vital part of the report.

Mr. Deputy-Speaker: It is. But how many items are there?

Shri D. C. Sharma: I am coming to the end of that. These are very vital things. Then, it is said that vouchers were not passed by competent authority.

So, on the whole, I appreciate the efforts that have been made by the Mining Corporation, but I cannot help saying that it has not been up to the mark in accounting procedure and in some other things. But these things can be explained away, and I think they will be explained away by the hon. Minister. According to me this Mining Corporation has to be strengthened, and should be treated with a greater amount of attention, with a greater amount of seriousness and with a greater amount of foresight, after taking into account its future potentialities. On the whole it has given not a very unsatisfactory account of itself—I would use the word which the draftsman has used. It has made a net profit of Rs. 19,945. But profit does not matter very much, so far as its working is concerned, in the first two years. What matters more is its shape, its structure, its capacity for growth. Taking into account all these things.

Shri T. B. Vittal Rao (Khammam): What is wrong in its structure?

Shri D. C. Sharma: This Corporation is not in a very healthy stage. I wish the Government...

Shri Narayanankutty Menon (Mukandapuram): What is the unhappiness about it?

Shri T. B. Vittal Rao: You said there is something wrong with the structure?

Shri D. C. Sharma: You were absent when I was discussing it. I cannot now recapitulate that.

Shri Narayanankutty Menon: I was here.

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): Not unsatisfactory is not always happy.

Shri D. C. Sharma: This is a pioneer corporation, according to the Board. It should be given more power, more strength and more resources so that it can be a model corporation for exploiting the mineral resources of the country which are great and which are going to lead the country to prosperity.

15.10 hrs.

MOTION RE: PETROLEUM AND NATURAL GAS RULES—*contd.*

Mr. Deputy-Speaker: Now we have to interrupt the discussions to take up the amendment to the Petroleum and Natural Gas Rules moved by Shri Narayanankutty Menon and others. The question is:

"This House recommends that in the Petroleum and Natural Gas Rules, 1959, laid on the Table on the 25th November, 1959, the following proviso be added to rule 8, namely:—

"Provided that the Central Government shall conclude such agreement only after the terms of the said agreement have been approved by both the Houses of Parliament."

Those in favour will say "Aye".

Some Hon. Members: Aye.

Mr. Deputy-Speaker: Those against will say "No".

Some Hon. Members: No.