

THE  
PARLIAMENTARY DEBATES

(Part I—Questions and Answers)

OFFICIAL REPORT

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HOUSE OF THE PEOPLE

Tuesday, 24th February, 1953.

The House met at Two of the Clock

[MR. DEPUTY-SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

LOAN FOR STEEL PLANT

\*271. **Shri Nanadas:** Will the Minister of Finance be pleased to state:

(a) whether negotiations have been completed with the World Bank for a loan for Steel Plant in India;

(b) whether any agreement based on these negotiations has been finalised or concluded; and

(c) if so, whether a copy of the agreement is proposed to be laid on the Table of the House?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) I presume the hon. Member is referring to the World Bank Loan for the Indian Iron and Steel Company Ltd. If so, the reply is in the affirmative.

(b) Yes, Sir.

(c) A copy of the Loan Agreement has been supplied to the Parliament Library.

**Sardar A. S. Saigal:** There is a similar question No. 289 standing in my name and I think both the questions can be taken together.

**Mr. Deputy-Speaker:** Let not the hon. Member rush me through. No sooner than question No. 271 was answered the hon. Member got up. Let me go through the matter slowly. There is no hurry. Is the hon. Minister willing to answer both together?

**Shri B. R. Bhagat:** Yes, Sir.

LOAN TO INDIAN IRON AND STEEL  
Co. LTD.

\*289. **Sardar A. S. Saigal:** (a) Will the Minister of Finance be pleased to state what was the amount which the World Bank granted to the Indian Iron and Steel Company Ltd.?

(b) What are the liabilities that Government have to bear?

(c) What is the rate of interest which Government will get from the private concern to whom the loan will be given?

(d) On what date the agreement was signed, where, and for what purpose?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) 31.5 million.

(b) The Government has guaranteed the due and punctual payment by the Company of the borrowed amount and interest and other charges thereon.

(c) The question of payment of any interest to Government by the Company in respect of this loan does not arise.

(d) The Agreement was signed on the 18th December, 1952, at Washington, U.S.A. The loan has been granted to the Indian Iron and Steel Company for its expansion programme.

**Shri Nanadas:** May I know whether the World Bank has acquired any control over the Iron and Steel Company by this loan? If so, what are its powers and limitations.

**Shri B. R. Bhagat:** No, Sir, it has not acquired any control.

**Shri Nanadas:** May I know whether the Tata Iron and Steel Company was also conducting negotiations with the World Bank for a loan?

**Shri B. R. Bhagat:** I am not aware of that.

**Shri Nanadas:** Is it a fact that the World Bank preferred the granting of a loan to the British companies in India and not to the Tatas?

**Mr. Deputy-Speaker:** The hon. Member is not aware of the Tatas' negotiations at all.

**Shri V. P. Nayar:** May I know whether it is a fact that under this agreement the World Bank has authority to inspect the goods purchased with the loan and to inspect copy books and records of the project?

**The Minister of Finance (Shri C. D. Deshmukh):** A copy of the loan agreement is with the hon. Member and he can refer to the agreement.

**Shri V. P. Nayar:** The reply of the Government just now given was that a copy of the Loan agreement has been placed in the Parliament Library. It is not possible just now for us to obtain the information from the Library, Sir.

**Mr. Deputy-Speaker:** The hon. Member wanted it to be placed on the Table of the House and he has placed it in the Library. I may say in this connection that such agreements are more or less final on the basis of what is done and questions need not be put immediately. There will be other opportunities and hon. Members may look into them and leisurely put the questions. (*Interruption*). What is the good of asking this question? It is contained in the agreement. The time of the House ought not to be taken up in this manner. It is a repetition of what is contained in the books, charts, etc.

**Shri Nanadas:** Is it a fact that the World Bank has permitted the Iron and Steel Company to issue bonds to all countries? Does it mean...

**Mr. Deputy-Speaker:** The hon. Member is assuming and says 'Does it mean?' It is part of the agreement. The hon. Member will kindly refer to it.

**Shri Nanadas:** It is only published in the newspapers and that is why I am asking.

**Mr. Deputy-Speaker:** The hon. Member may kindly refer to the agreement.

**Shri Nanadas:** There is nothing stated in the agreement. It was published in the newspapers and that is

why I ask the question. Is it a fact that the World Bank has permitted the Indian Iron and Steel Company to issue bonds to all countries?

**Shri B. R. Bhagat:** We have not agreed to anything that is not contained in the agreement.

**Shri V. P. Nayar:** Is it a fact that in the recipient company there is foreign capital, and if so, what share?

**Shri B. R. Bhagat:** I want notice.

**Mr. Deputy-Speaker:** How does this arise out of this question? This refers to the loan and foreign capital must be antecedent to that loan. It does not arise.

**Shri T. S. A. Chettiar:** May I know whether the Government is satisfied that the loan received by this company is managed by an Indian Director and completely in the interests of the country?

**Shri B. R. Bhagat:** No, Sir.

**Mr. Deputy-Speaker:** We are not looking into the management of the Company. It is a loan for a steel plant.

**Shri T. S. A. Chettiar:** In answer to the other question the hon. the Parliamentary Secretary referred to a particular company and the amount of loan given to it and we are entitled to ask as to what the constitution of the Company is and whether it is completely under Indian control?

**Mr. Deputy-Speaker:** The affairs of the Company are not before the House. It is only the terms and conditions of the loan and so on.

**Shri C. D. Deshmukh:** It is possible for any hon. Member to find out who the directors of this company are.

**Mr. Deputy-Speaker:** There are books, charts, maps and many other things.

**Shri T. K. Chaudhuri:** Has any proposal been broached for any loan from the World Bank to the proposed integrated steel plant of the Government of India?

**Shri T. S. A. Chettiar:** When a large loan is being negotiated on behalf of a company and the Government of India takes interest in the matter, we are entitled to know something about the company....

**Mr. Deputy-Speaker:** The hon. Member has been absent. Both my ears are being bored, questions

after questions have been asked and answers have been given. What is the good of hon. Member asking this question? It is not the first time that this matter has come before this House. The whole Bill was discussed and many statements were made in this House. I think it is very wrong. Hon. Members must keep themselves abreast with the proceedings and when they are absent, try to go through the proceedings and then come and ask questions which have not been put already. There is no point in taking up the time of the House.

**Shri T. K. Chaudhuri:** Has any proposal been broached for any loan from the World Bank to the integrated steel plant of the Government of India?

**Shri B. R. Bhagat:** If the hon. Member refers to the steel plant loan I would say that it is still under consideration and the technical possibility of such a project is being examined and only after that a formal application for a loan may be considered.

**Shri Jaipal Singh:** What would be the over-all difference in production as a result of this loan and the other loans that Government may be able to get?

**Shri B. R. Bhagat:** As a result of this loan the expansion that will take place in this industry will be an increased production from 6,40,000 to 14,00,000 tons of iron, and finished steel from 3,50,000 tons to 7,00,000 tons.

**Shri Nanadas:** Mr. B. Mukerjee, the Managing Director of Martin and Burn and Co., who was one of the members who negotiated this loan said...

**Mr. Deputy-Speaker:** I won't allow such questions to be put during the Question-hour. The hon. Member should put a direct question. That is not a question.

**Shri K. K. Basu:** May I know whether the Government has given any guarantee for the Iron and Steel Plant to raise their price in order to pay off the loans?

**Shri B. R. Bhagat:** No, Sir.

**Shri V. P. Nayar:** May I know whether it was not due to the insistence of the World Bank, asking this Government to have an amalgamated company with British interests that the Government were forced to have the amalgamation of the steel company?

**Mr. Deputy-Speaker:** That was discussed at the time of the Steel Bill.

**Shri V. P. Nayar:** It was not discussed then Sir. Last time when the question came up, Government said that they could not disclose some information as it was at the negotiation stage. Now that the negotiation is over I want to ask whether it is not in view of this definite suggestion made by the World Bank that the amalgamation was thought of?

**Mr. Deputy-Speaker:** I fully remember the hon. Minister concerned said, when he was piloting this Bill, that amalgamation was exactly intended for the purpose of expanding the production of steel and for getting a loan also.

**Shri V. P. Nayar:** Now that the negotiations are over, may I know whether, during the negotiations, any condition was laid down by the World Bank that the loan will be given only on condition that British interests were also given an opportunity to collaborate?

**Shri C. D. Deshmukh:** No, Sir.

#### U.S. TECHNICAL ASSISTANCE PROGRAMME

\*272. **Shri K. K. Basu:** Will the Minister of Finance be pleased to state:

(a) the total aid received by India under the United Nations Technical Assistance Programme;

(b) the total aid received by India from the UNECAFE, W.H.O. and any other international organisations connected with the U.N.O.; and

(c) the purpose for which this aid has been received and any conditions attached thereto?

**The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat):** (a) to (c). The Assistance by U.N. and its specialised agencies is provided in the form of technical experts from abroad and of training facilities and ancillary equipment. A statement showing the Assistance received from UNTAA and other Specialised Agencies of U.N. with the purpose is laid on the Table of the House. [See Appendix III, annexure No. 1].

No conditions are attached to this assistance.

**Shri K. K. Basu:** May I know the preponderant nationality of these experts, especially of the cottage industry experts?