

[Sh. Giridhari Lal Vyas]

the private industries due to these lacunae. The hon. Minister has brought forward this Bill and has said that the measure will have retrospective effect. As our system stands now, it will take a long time to fight on legal points. Have you ever thought how much expenditure this legal battle will require and how much loss the Government will have to suffer on this account? These are the points, which need to be considered seriously.

[English]

MR. CHAIRMAN: The hon. Member may continue his speech the next day.

[English]

HALF-AN-HOUR DISCUSSION

Trial Production by NALCO.

MR. CHAIRMAN: Now, Half-an-Hour discussion starts. Shri K.P. Singh Deo.

SHRI K.P. SINGH DEO (Dhenkanal): Mr. Chairman, Sir, this Half-an-Hour discussion arises out of Unstarred Question No. 832 and the answer given by the hon. Minister that the NALCO will be going into trial production in early 1987 and the targets for Alumina and Aluminium has been fixed at 7000 tonnes and 8000 tonnes respectively. Sir, this is a project which has been called by NALCO as a FLAG Project here I would like to pay tributes to the far-sightedness of our late Prime Minister Smt. Indira Gandhi, who in the early 70s took the decision that one billion tonne proven bauxite deposit which was lying idle must be exploited and harnessed for the economic development and the regional development of backward areas of Andhra Pradesh and Orissa, for exportability as well as increasing the consumption of Alumina. In 1980, when the idea was mooted, then the per capita utilisation of Aluminium in our country for consumption was 3 kgs per head at a time where it was 12 to 18 kgs per head in developed nations. And Aluminium being a strategic material, its application in today's modern technology and modern soft-ware and hard-ware where it has been a substitute for

iron, steel, wood and other alloys because of its various chemical and physical properties, is important. Going in for Aluminium and the export of Alumina was decided upon by the Government, after full consideration. This is a pioneering Indo-French Project and it is one of the largest of its kind in Asia. It is not only multidimensional, but an integrated one, it is multi-locational. One is the mine one is Alumina plant; one is the Aluminium plant and the port. The Aluminium plant has the captive power station. Apart from ore i.e. bauxite, power is also a major raw-material as far as the Aluminium is concerned. About 15000 to 18000 kilowatts is necessary for the production of one tonne of Aluminium. So, the Alumina has to go through what has been described as the pot technology and the smelter which is in Angul will be having 480 pots. I am sure the hon. Minister's reply does not give a clear answer whether all the 480 pots will be utilised for trial production in March or early 1987 or whether only a few of them will be utilised. Because, from the hon. Minister's answer the entire production will be only in 1988. I am not also sure whether the 72000 tonnes of Aluminium will be coming from Damajori or from the Aluminium refractory or whether it is going to be from the open market. As far as I see, BALCO which is another Government Project has gone into rough weather because of 50 per power-cut imposed by the Madhya Pradesh Electricity Board.

Sir, the three private sector projects—INDALCO, HINDALCO and MALCO, due to price revision, have been showing tremendous amount of profits at a time when our public sector undertakings are showing cumulative loss of more than Rs. 331 crores. Only last year, it was Rs. 77 crores for BALCO. I would not like to go into BALCO. But the reason why I mentioned was, I would like to draw the Government's attention so that we may learn from the lessons of the past and take corrective action because of the importance of not only this strategic material but because of the role of the public sector undertakings in our planning process and especially in the Seventh Plan where it has been given a huge allocation. Therefore, its

accountability, profitability and the responsibility for generating its own revenues and contributing to the national economic development plan as well as to the national exchequer cannot be lost sight of.

To an installed capacity of aluminium production in the country of 3.4 lakh tonnes we are seeking to add another 2.2 lakh tonnes, that is, when NALCO goes into stream. So, from 425,000 tonnes of alumina we will be producing this, and the rest of 375,000 tonnes which, if value is added, will come to about 75 million dollars at 200 dollars per tonne we are seeking to export.

I would like to know this from the hon. Minister. From the original time schedule of NALCO i.e when it was set up—it started functioning from 1st February 1981—there has been a cost escalation of more than Rs. 1,000 crores from Rs. 1242 crores at 1980 price to Rs. 2,408 crores at 1985 price. I do not know by 1988-89 when it goes into full stream, what is the ultimate cost going to be. I would also like to know, when the international cost of production is about Rs. 14,500 per tonne of aluminium and in our country it is Rs. 23,000 per tonne of aluminium, what will be the cost of production aluminium when it is produced by NALCO and how it would compare with the domestic cost of production as well as the international cost of production because there are conflicting reports and paradoxical reports in the press and I would like the hon. Minister to take us into confidence, that is, at the end of the Eighth Plan we will be 135,000 tonnes surplus and some one says that in the middle of the Seventh Plan we will be short of aluminium and, therefore, the import of aluminium has been going up over the last seven years from 9,000 tonnes costing more than Rs. 10 crores in 1977-78 to 120,000 tonnes in 1980-81 at Rs. 180 crores, 25,000 tonnes in 1985-86 at Rs. 35 crores and in the current year it is going to be 50,000 tonnes at Rs. 70 crores. I would like the hon. Minister to take us into confidence and tell us how, in case we have surplus of aluminium, we intend exporting it because that would also mean that we will be exporting energy, and if there is a shortfall and we have to import it what

would be the bill which the country will have to pay because of the delay in NALCO project being commissioned by more than one year as of today. We do not know whether it will be commissioned by 1988-89 seeing the trend of completion as well as the slippages in the various plants, whether it is in the smelter or in the captive power plant, whether it is in the alumina plant. There have been slippages by various public sector undertakings which have been associated with this, namely, BPMEI, BHEL and other have been breakages, chimneys breaking down and also pilferages about which the hon. Minister has very kindly replied to me that it is under investigation both by police and other agencies and how effective monitoring and tightening up of both the time as well as the cost escalation.

Sir, time and tide wait for none and I don't think that in this modern age of scientific technology and with the fast rate of obsolescence anyone will wait for us to produce aluminium at a very exorbitant rate. There is delay; I would like her to tell us how will it cost us both in terms of quantum as well as money.

In the BPE guidelines which has been accepted by the NALCO—in fact, today the Hon. Minister has laid the 5th Working Report of this—in 1984, the BPE guidelines had a certain role for the public sector undertakings to play. Therefore, NALCO has adopted the BPE guideline and has also taken all the guidelines of the BPE as far as ancillarisation is concerned I am referring to ancillarisation because this being a highly technical project which is very capital intensive, investment of Rs. 2468 crores or Rs. 2408 crores is ultimately going to generate an employment of 6300.

Both in Damanjaon where more than 580 families have been displaced or uprooted and in Angul area where more than 1300 families have been uprooted, although various assurances have been given by the Hon. distinguished predecessors of the present Ministry as well as the Hon. Minister of State who is here to reply—she had been to that area twice at least—the picture is rather dismal because after going through the Review Working

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Report today, I find that only about 16 people in Angul area, out of 1300 people who have been uprooted, have been provided with jobs or training whereas in Damanjaon out of 581, only 439 people are supposed to have been given rehabilitation, less than 100 people have been given water to their houses and less than 94 people have been given either training or given regular employment. This is a negation of the policy of the late Prime Minister as well as the present Prime Minister where this sort of mother industry or nucleus industry is set up in backward areas with a view to developing the rural economy bringing in regional development, removing regional disparities as well as improving the quality of life.

In such a highly technical and capital intensive project like NALCO it is not possible—I agree with the Government as well as with NALCO—that everyone will get a job in the factory. Therefore, the development of ancillarisation of the downstream products takes on a very important function because it is by this downstream products and ancillarisation that large scale employment can be generated. It is the duty of the mother industry or the public sector undertakings according to the BPE guidelines of 1984 to promote—the exact words are “identification, promotion and fostering of the ancillary units”. It should be a dynamic reagent for fostering these activities rather than be a passive catalyst as has been sought to be done. It is by bringing in these downstream products and by bringing in a gamut of application of aluminium and by dispersal of industries that the rural employment can be generated. From the records available and from experience in Orissa excepting that some 17 projects have been identified no concerted action has been taken so far. This is a very serious thing because if in 1988 NALCO is going into full stream and there are no downstream projects or ancillary units there will be a problem. The report given by MECON has lamented the fact that over the next 2-3 years the aluminium thus produced will have to find a market elsewhere. That means that much of employment generation will be lost to the State and to the country if we do not utilise the aluminium. Therefore, I would like to know what is the coordination

between the Ministry of Mines, NALCO and the State Government to see that it is in-time that these industries are developed. It is no use passing on the buck, namely, NALCO telling the State Government and the State Government telling the Central Government to do something. There is lack of coordination in this. Therefore, for faster production and utilisation Government will have to think seriously on this aspect.

Sir, I have mentioned about the trial production and cost escalation which has taken place and also profit and loss. I would like to mention only two more aspects. I would urge upon the hon. Minister through you to share with the House the steps that are being taken for the rehabilitation of the people who are uprooted. As far as Damanjodi is concerned National Institute of Rural Development has been given the task of undertaking a survey report and a socio-economic rehabilitation report. Now it has submitted its report but even then, as I mentioned, the picture is bleak and dismal. The NIRD report has not been fully implemented although it has been accepted by the Board of NALCO.

As far as the smelter and captive power plant at Kolard Angul is concerned although more than 1300 families have been uprooted and handsome compensation paid yet there is no rehabilitation plan. There is no recruitment plan of taking these uprooted people. There may be recruitment plan for taking in the technically qualified people. I am not arguing on that because of the fact that it is a highly competitive world and we must have the best technology and expertise in our undertakings so that we can deliver the goods but at the same time human aspect and the rehabilitation aspect of the people uprooted cannot be lost sight of. As far as I am concerned I am positive that there is no rehabilitation plan. There is no plan for upgrading the skill or training the young people, namely, one representative from each family which has been uprooted.

Now we do not wish to create a situation like what is happening in Baliapal where National Testing Range is coming and where Government perforce had to make this rehabilitation plan a part of the project cost. Government has given a categorical assurance

on the Floor of the House to this end as it will save human misery to the people who have lost their home, hearth and livelihood. In this case also people have lost their home, hearth and livelihood. They have been given compensation for the land but not for the livelihood. There is no effort which I know of. I will be too happy to be contradicted or corrected on the fact as to whether Government or NALCO are taking any steps to train these young people who have been uprooted to upgrade their skill. They would by that either be able to get employment in the original NALCO plant or they would be sufficiently equipped to get employment in ancillary and down-stream industries, when they come up. That is what is going to multiply the employment generation.

Thirdly and finally, I would like to submit to the House as well as urge upon the hon. Minister about the setting up of the Aluminium Research Centre. When the National Chemical Laboratory was located in Pune, the entire chemical industry came up in Pune and today, Pune is the home of the chemical industries in India. When the smelter is in Angul, where it is going to produce aluminium, when the alumina plant is in Damanjodi, I somehow cannot appreciate the fact that the Aluminium Research Centre should be in Nagpur, in your State, Sir. It is this centre which is going to be the hub of the industrial activity and it is going to give rise to downstream production and ancillarization. Therefore, the Government must review the decision and see that it is located either in Damajodi or in Angul so that the objectives of the 1981 Industrial Policy Resolution of dispersal of industries, carrying industries to the backward areas, declared backward areas, to bring rural prosperity, to remove regional imbalances, as well as making optimum utilization of the hot metal and produce aluminium at a more economical and optimum manner can be achieved. These objectives can be achieved, if these things are adopted.

THE MINISTER OF STATE IN THE DEPARTMENT OF MINES IN THE MINISTRY OF STEEL AND MINES (SHRIMATI RAM DULARI SINHA) : The discussion raised by the hon. Member, Shri K.P. Singh Deo, relates to only NALCO, but while speaking, he has raised questions about

BALCO, HINDALCO, INDALCO, etc. As these questions do not relate to NALCO, I cannot reply those and would only reply to questions which relate to NALCO.

NALCO is one of the largest aluminium integrated projects with a captive power plant. This project involves the latest state-of-the-art technology in aluminium making. The implementation of this project involves problems of multi-site location. The hon. Member has cited the example also and he knows because he comes from that area. Government and the NALCO management have been constantly reviewing and monitoring the progress of this project and taking remedial measures or making alternative arrangements, wherever called for, in order to ensure that the approved schedules of start-up, are adhered to. During implementation, there have been problems of landslides on account of unprecedented heavy rains, acquisition of land, law and order, and power interruptions etc. We have been successfully tackling these problems. Out of 440 milestones from 1985 January to 1986 October, I am happy to report, that 406 milestones have been achieved. Of the remaining milestones, there are only a few which are causing us anxiety, but with alternative arrangements having been made, we do not anticipate any serious delay in the scheduled start-up. Original estimated cost of NALCO was Rs. 1242 crores at first quarter of 1980 prices. The approved revised cost estimates are Rs. 2408 crores. The increase in the cost estimates by about Rs. 1166 crores has been largely on account of the inflationary factor and marginally due to other factors like scope changes.

NALCO has already spent about Rs. 1995 crores and commitments have been made for Rs. 2228 crores. With strict control over costs, there is little chance for any further escalation.

As regards monitoring, the Minister of Steels and Mines Shri K.C. Pantji and I have taken detailed review meetings with the various defaulting agencies on 30 April 1986 and on 8th October 1986. The pace of progress of Engineering Projects (India) Limited for the coal handling plant and the alumina handling system by Bharat Steel Tubes is

]Smt. Ram Dulari Sinha]

causing us concern, Due to heavy and unprecedented rains in the last monsoons, the rail communications were disrupted between Vizag and Damanjodi for more than two months, which has affected the movement of caustic soda, and this has delayed the liquor preparation for production of alumina. But we have made alternative arrangement for purchase of some quantity of alumina in the intervening period from INDAL.

In the Captive Power Plant, Unit-I of 120 MW has started generating power, but is still in the process of stabilisation. BHEL has assured us that Unit II will also be synchronised by the end of December 1986 which is an uphill task for them, and they are also trying their best, as this activity is crucial to the start-up of the aluminium smelter.

It is creditable that a project of this magnitude and complexity, is by and large, on schedule by constant mid-course corrective measures. The bauxite mine was started on schedule in November 1985. The trial runs of various segments of alumina refinery were commenced on schedule in September 1986 and the first unit of Captive Power Plant was also synchronised on schedule in September 1986. We still hope that BHEL will be able to adhere to the commissioning of the second unit of the Captive Power Plant on Schedule, which will enable NALCO to start up aluminium smelter on schedule in December 1986.

Phase I of Aluminium Smelter will be the start-up of the first pots for making aluminium at the rate of one pot per day. By 1988, we hope to energise all the 480 pots when NALCO will go into full production.

With the pace of progress, we are reasonably sure, unless there are unforeseen circumstances, that NALCO will be able to achieve full capacity utilisation by 1988-89.

As for the aluminium research centre at Angul and Damanjodi, as has been referred to by the hon. member, I can say that NALCO is already setting up R & D laboratories at Damanjodi for developmental research in bauxite and alumina, and another one at Angul, for developmental research in aluminium process, products and alloys. The approved cost estimates also

provide for Rs. 10 crores for R & D facilities, so that the latest technology obtained from Pechiney and their continued technological assistance will enable NALCO to absorb the technology.

As for the downstream facilities, NALCO will be producing 2 lakh 18 thousand tonnes per annum of aluminium out of which one lakh tonnes per annum will be converted into wire rods. These facilities are already under installation. In addition, NALCO is also collaborating with USSR through UNIDO for exploring the possibility of production of 30,000 tonnes of aluminium silicon-alloys. Another proposal for production of cold rolled sheets is also under examination.

18.00 hrs.

Regarding rehabilitation of displaced families at Damanjodi, NALCO has provided *pucca* houses as and when the families were displaced in the tribal areas. In addition, NALCO is trying its best to employ at least one person from each displaced family. They have already employed 189 such persons out of 375 persons displaced at Damanjodi, and 18 persons out of 33 families displaced at Angul. Even among those who were not substantially affected by land acquisition, NALCO has been trying to give employment or stipendiary training, in order to enable them for gainful employment in NALCO or elsewhere.

Besides direct employment in NALCO, a large multi-disciplinary complex of this nature generates great potential for employment in ancillary or subsidiary industries and in other facilities. NALCO has brought out a booklet on ancillary and downstream development programme, and has started plant level advisory committees in order to encourage entrepreneurs to set up ancillary units in the area. Damanjodi is a new town, which has come up because of NALCO, and this in itself generates large employment for various services. Thank you.

SHRI CHINTAMANI JENA (Balasore):
Sir : I am grateful to you for giving me this opportunity to seek some clarifications. I also convey my gratitude to our hon. Speaker, through you, for allowing this discussion on the floor of the House. For

getting clarifications, I am asking some questions. May I know from the hon. Minister what was the schedule for the commissioning of this project, and when was it started? The hon. Minister now says that by 1988-89 it will be fit for production. When should production have started, according to the decision first taken? For the information of this august House and the hon. Minister I must say that it was decided that the plant would be fit for production in 1986-87. It has already been delayed by one year.

The hon. Minister has very kindly visited the area. She might have noticed that none of the constructions under this project, either at Damanjodi or at Talcher is getting completed on time, as per schedule, as a result of which production in this project has been delayed.

Secondly, my friend Mr. Singh Deo enquired about the rehabilitation scheme. During her reply, the hon. Minister has not given details about it. Many people who were uprooted, have not been rehabilitated now.

I must congratulate our Government, and particularly our Prime Minister for having taken the decision to set up a research laboratory at Talcher and Damanjodi; but I would like to know whether the research laboratory which was scheduled to be set up at Nagpur will be set up at Talcher or somewhere else. If so, details may also be given.

Even after NALCO plant comes into production, but our surplus of aluminium for indigenous consumption will not be much more in the 8th Plan period. If we take 9 per cent annually growth demands, in considering at present the annual growth demand at 8.5 per cent, then we will be having deficit of up to 1.35 lakh tonnes of aluminium for our indigenous consumption even after NALCO comes into production. So, what is the planning before the government for 8th Plan so that our indigenous demand can be met by the indigenous production?

SHRI SOMNATH RATH (Aska): In answer to a question No. 529 in Rajya

Sabha on the 26th July, 1984 the hon. Minister replied as follows :

“The original sanctioned cost of the NALCO Project was Rs. 1242 crores at first quarter. 1980 price level, and it was then estimated that the cost would be about Rs. 1712 crores taking into account 5 per cent per annum compounded cost escalation during the period of construction.”

In the answer he said that there will be 5 per cent per annum compounded cost escalation.

Kindly keep in mind this thing while answering my question.

In answer to Q. No. 330 in Rajya Sabha on 8th August, 1986, the hon. Minister replied as follows :

“The Project was sanctioned in November, 1980 at a cost of Rs. 1242.4 crores at first quarter of 1980 price level. The estimated revised cost of the project is Rs. 2408.14 crores at first quarter 1985 price level.”

In answer to Q. No. 2 in Lok Sabha on 18th July, 1985, the hon. Minister replied as follows :

“The total cumulative expenditure on the Project upto December, 1984 is Rs. 905.76 crores.

The revised cost estimates of the Project, giving the requirement of funds for the completion of the Project, are under consideration.”

Permit me to repeat the words “revised cost estimate of the project.” Since it is answered that there will be price escalation of 5 per cent per annum, the project was stated to be in full production in 1987 or early 1988. Now it has gone one year more. So, certainly, there will be price escalation as per the reply given by the Minister.

In answer to Q. No. 135 in Rajya Sabha on 26.11.1985, the hon. Minister replied as follows : It is stated towards the end the same thing about price from Rs. 1,242.4 crores to Rs. 2,408.14 crores per

[Sh. Somnath Rath]

tonne. This is important. He further replies as follows :

"NALCO is due to go into full production by 1988. As per present assessment, the Project is expected to be economically viable."

The word 'expected' is there.

I want to know from the hon. Minister about these facts and the answers given at different times. When will there be full production? By that time, as per the answer given by the hon. Minister, what will be the cost and I want to know further from the hon. Minister, the answer was it is expected to be economically viable, whether it is certainly going to be economically viable, if so what is the break-up? There must be some break-up to know its economic viability and I hope the hon. Minister will mention it.

About the transport of finished product, even now the road-link has not been established to transport the finished product. We do not know when the road link will be completed and when the production will start coming out from the plant, how does the Minister think that it will be transported or exported?

SHRI K.P. SINGH DEO: Neither the rail link is ready.

SHRI SOMNATH RATH: Yes, the rail link is not ready. Construction has to be immediately taken up. By the time full production starts in 1988 or 1989 if the rail link is not there how will the alumina be exported? From the plant itself? What is the time schedule for the plant and for the rail link and the time by which production will start? Will the road-rail link will also be complete?

And, though the plant will be constructed as scheduled, I want to know whether production will be as per the schedule, I want the hon. Minister to reply on this. What is the schedule time for production, whether the production will also be as mentioned by the hon. Minister earlier? The ancillary products will be there, as stated but no attempt has been made for the construction of ancillary products plant or other connected industries

also start from now so that by the time the production starts these industries can function.

SHRI K.P. SINGH DEO: Already the Government is exporting aluminium and alumina out of the State.

SHRIMATI RAM DULARI SINHA: I can give the reply, by starting from below, that is, the last point.

As regards the ancillary industries to generate employment for development of ancillary industries from the NALCO area, a Plant Level Advisory Committee has been constituted by the State Government for the promotion of the ancillary industries. NALCO's role is of a catalyst in dissemination of information and technical assistance. A booklet on ancillary industries and downstream programme of NALCO has been published for the use of the concerned people. Further, the State Government has taken steps to develop the places where the ancillary industries are to be set up, like Angul and Damanjodi.

As regards the cost estimates, the cost estimates keep on changing as I have already stated in my previous reply, as the construction picks up. We have now finalised the revised cost estimates at Rs. 2408 crores. Our estimate is that the project will be economically viable in the long run. This was a far sighted investment decision.

The hon. Member, Shri K.P. Singh Deo, has said and I have also said, a question came in this House as well as the other House and everybody knows who is concerned with NALCO's development. It is coming up in full stream. I can very well say again that the original schedules were revised in 1984 taking into account various factors like increase in cost inputs, material, inflationary factors, etc. So, the schedules that I have now quoted are the schedules approved by the Government.

SHRI K.P. SINGH DEO: I wanted to know: what would be price of aluminium which will be produced from NALCO, because it is going to be much higher than even Rs. 23,000 per tonne which is being indigenously produced? What Mr. Chinta-

mani Jena had asked was: Is this aluminium research centre going to be something separate from the one which is going to be set up at Damanjodi?

SHRIMATI RAM DULARI SINHA: As I have already stated, Rs. 10 crores have been provided for R & D in the approved cost estimates of NALCO. R&D laboratories are already being set up at a cost of Rs. 2.5 crores at Damanjodi for developmental research in bauxite and alumina, and at Angul for developmental research in Aluminium process, product and alloys. NALCO has obtained the latest technology from Pechiney who will give them continued technical assistance.

But for the other question, I can confirm that the aluminium research development and design centre is a separate centre. This aluminium research and design centre is being set up in Nagpur for absorption of basic design technology for alumina refinery and aluminium smelting so that India should be able to set up an alumina/aluminium plant with their own efforts. The location at Nagpur was decided after a detailed study by MECON.

Both the hon. Members, Shri K.P. Singh Deo and Shri Jena, are like my younger brothers. They come from the same area. It is natural for them to agitate for

that. As Minister of Mines, I too would like that this centre should have been near Angul or Damanjodi or at least in Orissa. Before I joined this Ministry, everything was done. So, now, it has become impossible for me to satisfy both the Members, by shifting it from Nagpur to Bhubneswar. Of course, very recently, a letter from Mr. Patnaik, the Chief Minister of Orissa, came to me requesting me to do my best to shift the site from Nagpur to Bhubneswar. Now I feel myself in an awkward position.

MR. CHAIRMAN: Let Nagpur have it.

SHRIMATI RAM DULARI SINHA: As regards the price of aluminium of NALCO, it will be quite competitive compared with the price of aluminium produced by other aluminium companies like BALCO and MALCO.

I am very grateful to Shri K.P. Singh Deo and both the other hon. Members. They have given so many suggestions. Whatever I can do I have done, And I am ready to do whatever is possible not only to satisfy the Members but the people of the area and that State also.

18.19 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, November 25, 1986/ Agrahayana 4, 1908 (Saka)