

CORRECTION OF ANSWER TO UNSTARRED QUESTION NO. 403 DATED 13-11-1968 RE: FILM DOCUMENTARY OF MAHATMA

THE MINISTER OF INFORMATION AND BROADCASTING (SHRI K. K. SHAH): The original reply to part (a) of the Unstarred Question may be substituted by the following:—

“(a) The film ‘Mahatma’ was produced by the Gandhi Smarak Nidhi in collaboration with the Films Division mostly out of the funds provided by the Nidhi. The Division has provided the services of some staff and use of some equipment to the Nidhi, worth Rs. 2,18,800/- approximately.”

12.29 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

WITHDRAWAL OF FOREIGN COLLABORATION TO TATA FERTILISER PROJECT

SHRI S. K. TAPURIAH (Pali): I call the attention of the Minister of Petroleum and Chemicals to the following matter of urgent public importance and request that he may make a statement thereon:

“Reported withdrawal of the American Chemical Company, Messrs. Allied Chemicals, of its collaboration with the Rs. 176 crores Tata Fertiliser Project at Mithapur, Gujarat.”

SHRI S. M. BANERJEE (Kanpur): It is a conditional withdrawal or an unconditional withdrawal?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI RAGHU RAMAIAH): In the proposal which Tata Chemicals had made for setting up a fertilizer plant at Mithapur, there was provision for participation by Allied Chemicals of U.S.A. in the equity capital of the enterprise to the extent of Rs. 5 crores. Allied Chemicals were also

to supply to Tata Chemicals liquid ammonia, phosphoric acid and sulphur for the purposes of process use. Finally, the American company had offered the free use of its technology in the Allied-IMI-process for the production of phosphoric acid through the hydrochloric acid route.

Government have since been informed by Tata Chemicals that Allied Chemicals have decided to withdraw their offer to participate in the project. Tata Chemicals have accepted this position, and have informed Government of their determination to proceed with the project on their own in a fully Indian-owned company. Tata Chemicals understand that the National Petro-chemical Co. of Iran will assume full responsibility for the supply of liquid ammonia, phosphoric acid and sulphur on the same terms as originally proposed by Allied Chemicals. Allied Chemicals' withdrawal will, therefore, only necessitate additional foreign exchange financing to the extent of their intended equity participation. This participation is relatively small compared to the total foreign exchange requirement of about Rs. 47 crores. Allied Chemicals' technology in the Allied-IMI process earlier referred to will have to be purchased, if and when necessary, in the normal way.

SHRI RANGA (Srikakulam): What about the attitude of the Government? Have they accepted the proposition or not?

SHRI S. K. TAPURIAH: Delay, in action and indecision have become the other name of the Government of India. (*Interruptions*) One disgruntled investor scares away 100 more prospective investors to come and invest in our country at this critical time. And the situation has become so bad that, if recent press reports are any indication, even the bosom friends of the Government, the Russians, are also unhappy with the situation and they find that the red tape and bureaucracy of which the Government has become a captive, comes in the way of progress. I do not know how Mrs. Vijayalakshmi Pandit would have described this situation of the week a member of this House to-day. But we know that this indecision is one of the factors which led to the resignation of Shri Asoka Mehta when he was the Minister of Petroleum and Chemicals.

[Shri S. K. Tapuriah]

When it comes to speaking individually, whether it is the Prime Minister or the Deputy Prime Minister or the Commerce Minister or anybody. . . (*Interruptions*) they all go hoarse speaking about the necessity for rapid industrialisation in the country for welcoming foreign investment or for increasing agricultural output through increased use of fertilisers. But when it comes to collective decision of the cabinet or of that Super Cabinet, the Planning Commission, the Government appears to be strangled in chains of sorts. The statement which the hon. Minister has made, though inadequate and which tries to hide certain facts and in which he tries to hide the reasons which led to the withdrawal of this offer, in spite of the best attempts, reveals in part that the country will be losing Rs. 5 crores in foreign exchange which would have come as capital participation and in addition they will also lose some foreign exchange by way of buying the technology which the Tata Chemicals may be forced to do. We also know that this delay means that the country stands to lose foreign exchange to the tune of Rs. 7½ crores every month or in other words Rs. 25 lakhs per day and Rs. 1 lakh every hour that this Government delays their decision. So far the country has lost Rs. 67½ crores in the 9 months that the Government have failed to take a decision on this.

May I, therefore, know from the hon. Ministers:

- (a) Is it a fact that Allied Chemicals, U.S.A. have withdrawn their offer because of the failure of the Government to reach a decision within a reasonable period;
- (b) It is a fact that the Ministry of Petroleum and Chemicals have okayed the project;
- (c) Will the Minister nail down the exact causes and grounds on which the Planning Commission and the Cabinet disapproved or delayed the project?

SHRI RAGHU RAMAIAH: At the outset, let me dissociate myself completely

with the overall castigation of the Government of India by Shri Tapuriah. Of course, I expect such a language from a Member of the Opposition and so I am not surprised that way.

Having said that, I don't know whether he will be glad to know or will be enlightened to receive the information—I do not know what adjective I have to use—when I say that one of the reasons mentioned by Allied Chemicals for their withdrawal from the project is the fact that Tata Chemicals have agreed to Government of India's participation in the project. That is one of the specific reasons, —the Tata Chemicals have informed us—why they have withdrawn from the project.

About the IMI process, this process may become necessary only after seven long years. It is a process which is still in the pilot stage, which has not been put on any commercial scale. But if and when all these things could happen, it could always be purchased. What is more, I may explain that this process is meant to produce calcium chloride out of the sea-water which will be converted into hydrochloric acid, and this when reacted with rock phosphate will produce phosphoric acid. It has not been tried anywhere on a commercial scale. If and when it is tried,—and it is to be acquired after seven long years—Tata Chemicals themselves have pointed out that it could be purchased.

SHRI S. K. TAPURIAH: Sir, he has mentioned only one of the reasons. What are the other reasons for the withdrawal?

SHRI RAGHU RAMAIAH: When the Tata Chemicals themselves have not given other specific reasons, what can I do?

SHRI N. DANDEKER (Jamnagar): Sir, it is a very inadequate answer. He has given only one reason. Let us know all the reasons. (*Interruption*)

MR. SPEAKER: It is only a difference in language. But the Minister says that they have not given any other reason.

SHRI B. K. DASCHOWDHURY (Cooch-Bihar): At the outset, I would like to join with the remark that has been made by Shri Tapuriah. It is a fact that this Government today is a Government which is pursuing a policy of indecision and inactivity. It is not only in this instance. Let me here quote a line from the report of the Estimates Committee—51st Report (Fourth Lok Sabha)—to substantiate what Shri Tapuriah has said and to substantiate also what I am saying. The report says:

“The Committee are concerned at the inordinate delay in the execution of formal mining lease deeds and petroleum exploration licences for these areas.”

that is, for the mining licences in Assam—Naharkatiya, Hugrijan and Moran. The matter has been taking a long time. It is there since 1944. I think this is enough for this House and for you to understand what an inordinate delay this Government takes in coming to conclusions on such policy matters and others.

About this particular project, it has been stated very clearly in the statement itself as follows:

“‘Allied Chemicals’ withdrawal will, therefore, only necessitate additional foreign exchange financing to the extent of their intended equity participation.”

So, it is proved. Because this Government could not finalise the matter in time, now he says that certain additional foreign exchange is necessary. This is one point.

MR. SPEAKER: Come to the question.

SHRI B. K. DASCHOWDHURY: I am coming to the question. It is one thing that we should have our fertiliser projects. But before fertilising all these schemes on fertiliser projects, two things are necessary to consider: whether we have the technical knowhow in the country or whether we are lacking in resources. It is a fact that in the Sindri Fertiliser Factory we have done something good. In the Sindri Fertiliser Project, in the research section, we have enough technical knowhow. I do not know whether

this Government likes to have foreign collaboration for the resources. So far as resources are concerned, they may be required in respect of liquid ammonia and something else. Leaving aside the question of American collaboration, we have seen in the newspapers that Tata project is having negotiations with the National Petroleum Company of Iran. I would like to know whether this Government feels that the Iranian company has got a better technical knowhow and resources than what our Government have. Secondly, in view of the changed circumstances, may I know whether the Government will take up the project in the public sector?

MR. SPEAKER: Please answer only the last portion; forget the first portion.

SHRI RAGHU RAMAIAH: I am in your hands, Sir, About the last portion, the Shahpur Chemical Company of Iran have taken responsibility of supplying us liquid ammonia, phosphoric acid and sulphur. So far as technology is concerned, we are not tied up to any foreign technology. It depends on what will be necessary at a particular stage.

SHRI S. KUNDU (Balasore): We find that sometimes when these fertiliser projects are discussed in this House only the interests of Tatas or Birlas or Dharamsey Morarjee are considered and the real interest of the country or the need of the people is forgotten. We all want to know that what has happened to this project after Allied Chemicals have withdrawn their support and whether the Allied Chemicals collaboration presupposed that they should also get liquid ammonia from one of the factories which they had put up in the middle-east.

The news paper also says:

“The sponsors of the project which in recent months attracted considerable notice in Parliament and elsewhere have advised the Government that the American Company's withdrawal should not be taken as an end of the project.”

In this regard, very scrappy information has been given in the minister's statement. I would like to know exactly where the pre-

[Shri S. Kundu]

ject stands at the moment and from where Tatas are going to find out the resources to get the technical knowhow, liquid ammonia, sulphur and other things necessary for this project. I would also draw the attention of the minister to this remark:

"The Tata project ran into difficulties following some objection raised by the Planning Commission. The Commission opposed the project on the ground that it was linked up with a technology which was yet to be tried on a commercial basis in America itself. The Commission had also taken exception to the project's reliance on public financial institutions for raising the bulk of its funds."

These things are engaging the attention of various departments of Government, but we do not know anything about it. The minister should not hide things and make a cryptic statement of a few lines. He should make clear all these issues.

It has been said:

"The latest Tata proposal has already been forwarded to the Cabinet."

I want to know what is the latest Tata proposal and whether some sort of port is supposed to be built by a private industrialist to fit in with this proposal.

SHRI RAGHU RAMAIAH: About the financing part of it, as Tatas have pointed out the Allied Chemicals' participation would have ultimately amounted only to Rs. 3.25 crores. The total foreign exchange requirement is of the order of Rs. 46.77 crores. The best part of it has to be obtained by way of loans abroad. The rupee part of it will be found by Tatas by increasing the share capital from Rs. 3.93 crores to Rs. 25 crores and partly by raising long-term and short-term loans to the extent of Rs. 119.11 crores. Therefore, the withdrawal of Allied Chemicals, that is what Tata Chemicals say, does not substantially affect the financial structure of this project. It is true that in their withdrawal Allied Chemicals referred to the delay. But, as I said, they have also referred to various other things of which we have no information. Among them they have specified only the reason that the Govern-

ment of India have been allowed to participate in it. About the party which is going to supply the raw materials, it is the same source which will supply ammonia and phosphoric acid. The source remains the same. The Allied Chemicals are also partners along with the National Petroleum Company of Iran in the Shapur Chemicals which is to supply the raw material. There is no question of any Iranian technology. About the Planning Commission, it has raised certain points which are being gone into by the government. There is a reference to some paper, latest proposal; I do not know what the reference is. Certainly, there have been a series of negotiations between the concerned department of the government and Tata Chemicals and one of the latest things they have agreed to a few days ago only was as regards public control of the deep sea jetty, subject to certain conditions. That is the latest offer by them in a series of negotiations.

MR. SPEAKER: Has the government agreed to this latest proposal?

SHRI RAGHU RAMAIAH: This matter is pending with the government and I can assure this House that we hope to take an early decision.

SHRI S. KUNDU: Why not take it as a public sector industry?

MR. SPEAKER: The same question was asked by Shri Das Chowdhury also.

SHRI PILOO MODY (Godhra): To begin with, I have to note with some regret that the Minister was very touchy about some adjectives that were used. Unfortunately, if he had only passed this concern on to the fact that this country has so far lost, because of the delay of the government, Rs. 67 crores in foreign exchange, which works out to Rs. 7½ crores a month, or Rs. 25 lakhs a day or Rs. 1 lakh an hour he would have given better results. But this does not cause him the concern that a few adjectives did. And what did the adjectives try to say? That the Government has now become a prisoner of indecision and delay. I would, therefore, like to ask of the Minister whether he will make some statement as to why this delay and whether he is aware that this much money is being lost. Secondly, I would like

to know whether the Minister is aware that as a result of the withdrawal of Allied Chemicals, the project now stands to lose whatever Cooley funds it was going to get and what arrangements, have been made by way of replacement for the Cooley funds. I think he rattled off some figures a little earlier; I did not quite catch them. Now the substantial question that I want to ask is this. The Perspective Division of the Planning Commission plus all our planning *pundits* have projected certain figures for fertilizer requirement in the year 1975. From what I understand, by 1975 you will be needing 5 million tonnes of nitrogenous fertilizers for which so far the government has made bandobast for only 2 million to 2.4 million tonnes. They will require 2 million tonnes of phosphatic fertilizers for which so far they have made arrangements for only 0.8 million tonnes. And they will need 1 million tonnes of potassium fertilizer for which they have made no bandobast whatsoever. Therefore, if the Tata project, which was supposed to supply something like from 10 to 15 per cent of these three requirements, is to be delayed in this way, I would like to ask the government, come the year 1975, what are they going to do to provide the fertilizer that will be required. From my information, the Philips Project has gone away, the Goa project is marking time and as for the Mangalore project nothing is happening. What is this government going to do to supply the fertilizer needs of this country?

SHRI RAGHU RAMAIAH: Sir, you have prevented me from referring to the adjectives. He has multiplied them. But I would like to say that any day my hon. friend will agree that it is much better to take a decision, which is a solid, clean, clear and healthy decision at, leisure rather than do something in a hurry.

SHRI PILOO MODY: I do not agree.

SHRI RAGHU RAMAIAH: You had your say; now let me have my say.

SHRI PILOO MODY: You said that I should agree. I do not.

SHRI RAGHU RAMAIAH: As I explained last time, this is not a small project.

It is a project involving, as the Planning Commission pointed out, an investment of Rs. 200 crores being concentrated in a single business house.

SHRI PILOO MODY: Only Rs. 160 crores.

SHRI RAGHU RAMAIAH: It is a project which involves over 200 crores involving a deep-sea jetty of Rs. 20 crores, which, as originally conceived, was to be managed by a private company. This raises very serious fundamental issues. Therefore Government have taken time while certainly Government is anxious to hurry up with these projects. As I mentioned just now, only a few days ago came the latest clarification. Now I will assure the House that we will very soon come to a decision on this.

As regards the Cooley funds, the Tata Chemicals themselves have said that not much dependence was put on that earlier and, therefore, nothing much was lost by that. They themselves have said so.

SHRI S. K. TAPURIAH: How much will be lost?

SHRI S. M. BANERJEE: How can the Minister know about Tata?

SHRI RAGHU RAMAIAH: As to the actual details of internal loan etc., that has to be worked out.

As regards the target and the huge loss which he has pictured before us, it is one of the hypothetical cases. I might as well say or some hon. Member might as well say that had all the fertilisers been produced in this country right from the day of independence, we would have saved so many crores of rupees. Of course, we are anxious to do that; we are in a hurry to do that, but surely we are not going to be hustled into a wrong decision because of something.

Then, my hon. friend is not at all well informed. He said that the Mangalore Project had gone awry or some such thing. It has not gone awry; it is coming home fully aired. I understand that it is to be tied up with the British or such other credit. Similarly, I can say about other projects.

[Shri Raghu Ramaiah]

Probably, my hon. friend knows that for 1975 the consumption target is 5,000,000 tonnes and we have now planned for a target of 49,56,000 tonnes of nitrogenous fertilisers. Similarly about other cases. It is very difficult to say to what extent a particular project will affect the whole target; after all, you have to take into account the entire gamut of production, the various schemes on the anvil and also new ones which may come out.

SHRI NARENDRA SINGH MAHIDA (Anand): The people of Gujarat are very anxious about this scheme because it involves the development of a backward area also. Everywhere in our constituencies people are asking questions about the Narmada and the Mithapur Projects and, naturally, they are eager. Moreover, the Tatas have said that this scheme is feasible only at Mithapur and nowhere else in India. May I know what substantial modifications have been made in the proposal recently in the light of the criticism made by the Planning Commission? May I also know whether the Government of India have noted that the Shah of Iran is visiting India next month and that negotiations would have to be carried on with the Iranian Government? In view of this, will the Government come to a decision before the arrival of the Shah here? Thirdly, is the Minister aware that in South East Asia, which I had the honour to visit some time back, there is a lot of effort in all the countries to develop fertilisers in a massive way and to help agro-industries? In view of this, in order to help farmers will the Government come to an early decision in the matter?

SHRI RAGHU RAMAIAH: The Government are fully aware of the anxiety of the members of his constituency and that will certainly be borne in mind in coming to a decision of this nature. As regards modifications, I had myself mentioned last time some of them and I will repeat it if you permit me.

MR. SPEAKER: If it is repetition, you need not do that.

SHRI NARENDRA SINGH MAHIDA: He has not replied to the question whether the decision will be arrived at before the arrival of the Shah of Iran in India.

MR. SPEAKER: Papers to be laid.

12.54 hrs.

PAPERS LAID ON THE TABLE

ANNUAL REPORT AND CERTIFIED ACCOUNTS OF INDIAN AIRLINES AND REPORT ON THE COMMISSION OF RAILWAY SAFETY

THE MINISTER OF STATE IN THE MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION (SHRI ANNASAHIB SHINDE): Sir, on behalf of Dr. Karan Singh, I beg to lay on the Table—

- (1) A copy of the Annual Report of the Indian Airlines for the year 1967-68, under sub-section (2) of section 37 of the Air Corporations Act, 1953.
- (2) A copy of the Certified Accounts of the Indian Airlines for the year 1967-68 together with the Audit Report thereon, under sub-section (4) of section 15 of the Air Corporations Act, 1953.
[Placed in Library. See No. LT-2759/68]
- (3) A copy of the Report on the working of the Commission of Railway Safety for the year 1966-67.
[Placed in Library. See. No. LT-2760/68]

ACTS UNDER UTTAR PRADESH STATE LEGISLATURE (DELEGATION OF POWERS) ACT

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI JAGANNATH PAHADIA): Sir, I beg to lay on the Table a copy each of the following President's Acts (Hindi and English versions) under sub-section (3) of the Uttar Pradesh State Legislature (Delegation of Powers) Act, 1968:—

- (1) The Uttar Pradesh Tolls Validation Act, 1968 (President's Act No. 33 of 1968) published in Gazette