

Shri Manubhai Shah: Regarding the agreement with the French experts, already the prototype has gone into production. In another 4 or 5 months, regular production will begin. The trainees have been sent to France.

Regarding the Olivetti's grinding machine, the men are yet to be selected. The agreement has recently been signed and so the prototype has not been produced.

* Regarding the training, during the last budget discussion, I had given the entire background of the training programme. The original number was high, because they were really training the high type of technicians required for the factory. That was a very expensive training.

For two years, practically, no apprentices were coming either from the factory or from any industrial establishment from the private sector or the public sector. So, we appointed a committee which went into this matter and suggested three new courses to take 240 technicians both from the public sector and from the private sector, to give three medium types of training programmes for operators, machine tool technicians and for maintenance and repair work, of which one course has already gone into training and 99 boys are working. In two or three months' time all the remaining boys will be taken up and both the courses will start. Therefore, it has been completely re-oriented to subserve the whole country instead of one unit as in the past.

17 hrs.

Mr. Deputy-Speaker: The question is:

"That this House takes note of the Annual Report of the Hindustan Machine Tools (Private) Limited for the year 1957-58, laid on the Table of the House on the 22nd September, 1958."

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That this House takes note of the Annual Report of the Hindustan Machine Tool (Private) Limited for the year 1958-59, laid on the Table of the House on the 6th August, 1959."

The motion was adopted.

17.01 hrs.

*METHANOL PLANT, SINDRI

Shri Aurobindo Ghosal (Uluberia): A few minutes before we were discussing about the Hindustan Machine Tools, which has been acclaimed by all sections of the House, and I also agree with them that this is one of the best public undertakings under the Ministry of Commerce and Industry. But, at the same time, there are some other public undertakings under the same Ministry where the affairs are very much deplorable.

Sindri is one of glaring instances of maladministration. I am making this sweeping remark, not vaguely but on the basis of concrete facts. The methanol plant incident is one of the series of instances of maladministration. This methanol plant was received from Germany on the War Reparation Account in 1949. The machine was in good order before its reparation, because it was in operation at the well-known factory of Messrs. B.A.S.F. Oppen of Germany. The price of the machine would be about Rs. 1.5 crores to 2 crores. It was received as reparation for the war. The expenditure incurred on transportation from Germany to India amounted to about Rs. 7.5 lakhs. This plant can produce 10,000 tons of methanol and 20,000 tons of ammonia per year for the production of fertilizers.

*Half-an hour discussion.

Naturally, at that time, as there was no other fertilizer factory in India except Sindri, it was sent to Sindri with the idea of installing it there. In the past a number of proposals were made to set up this plant at Sindri. In 1955 the late Ministry of Production took initiative and set up a committee to consider the utilisation of this methanol plant. This committee submitted their report in April 1956, and they also recommended to utilize this plant by installing it at Sindri. The same Ministry, even after that enquiry, invited Soviet experts to inspect the machinery to see whether the machinery was in order. These Soviet experts also submitted their report, recommending the utilisation of the machinery by installing it at Sindri.

Unfortunately, we do not know why the Sindri authorities are all along hostile to the installation of this plant at Sindri. So far as my information goes, due to the opposition of the Sindri authorities, and particularly of the Managing Director of the Factory, plan for installation has been rejected every time. Of course, I do not know why the Ministry of Production did not take the initiative and try to instal this machinery at Sindri in spite of their opposition. We do not also know what prevented this Ministry of Production from pursuing this matter, so that this plant which could manufacture fertilisers can be utilised in the best way.

The Russian Government first offered their co-operation and assistance in the utilisation of the plant by installing it at Sindri. But, as the Sindri authorities were very much hostile to their proposal, they withdrew their offer. Thereafter, the Ministry approached several foreign companies, namely, Montecatini of Italy, B.A.S.F. of West Germany, Bochacko of West Germany. Bochacko of West Germany also expressed their inability to instal the methanol plant in Sindri on account of the hostility of the Sindri authorities. Montecatini of Italy submitted a project report and

made an offer in the month of June, 1957. During that period, the Ministry of Production changed and this came under the Ministry of Commerce and Industry. The Sindri authorities got another opportunity to make delay in the installation of this important plant.

During the last three years, so many enquiries and project reports have been made and so many foreign companies were invited to recommend how the plant could be utilised in the best way. In spite of their offers and reports, this was not done and the Ministry of Production did not pursue this matter. Recently we learnt that the Government have taken a decision, again, to invite another firm of West Germany to make a project report, though the additional cost for this will be Rs. 50,000.

While this game was going on for several years, the plant was kept under open sky. Neither the Ministry of Production nor the Sindri authorities could find any finance to put this plant under cover or a shed. Recently, this plant has been damaged on account of fire. That has recently occurred. The fire is stated to have been caused by cinders on track under the ground. When we went to Sindri, we were told by the Managing Director that a spark from the cinder might have been carried by wind and caused this fire, and as such, no responsibility could be fixed on any one.

But, in reply to my previous Starred Question No. 380 dated 27-11-1959, a separate statement has been made. It is stated:

"An enquiry was made to determine the cause of the fire. It was discovered that there had been another fire earlier on the same day in an adjoining area which was dealt with promptly by the Fire Service people who thought that they had completely extinguished it. Some sparks it is presumed remained and fanned by the breeze, might have caused the fire to the Methanol plant."

[Shri Aurobindo Ghosal]

I do not know if this incident was discovered or invented. Who made the enquiry? No mention has been made if an enquiry was made by responsible persons. This reply is of such a nature as if a small thing has happened, but I shall presently tell you the extent of damage caused by this fire.

It can be presumed from this damage that the whole plant, such a valuable plant, was left uncared for. But the Sindri authorities have claimed Rs. 5.64 lakhs from the Government of India as caretaking expense. How much care was taken by the caretakers is evident from the fact that damage to the extent of Rs. 10 lakhs has been caused. On the present depreciated value of the plant, the loss is estimated at Rs. 1.17 lakhs. The replacement value at present-day rates of the equipment damaged by fire is likely to be Rs. 10 lakhs. This damage is not of a small nature so that it can be taken lightly and such a reply given.

We were told by the Sindri authorities that there was no agreement between them and the Government of India for the custody of this plant. To whom does this plant belong, to the Sindri Fertilisers or the Government of India, because the Sindri authorities are taking the plea that they were mere caretakers, it was not kept in their custody; therefore, if any damage occurs, it is the responsibility of the Government of India; they are not responsible for keeping it under cover, besides that they took all possible care. For that reason they have claimed about Rs. 6 lakhs from the Government of India.

Last Friday we were discussing about the reorganisation of our administration in order to fit it into the Welfare State. In these public undertakings the Central Government apparently have got very little control. Naturally taking advantage of that liberalised policy, some of these public

undertakings are not taking care of the plants entrusted to them, and they are causing much damage not only to the plants but are also failing to utilise the machinery. We want to know whether we can at the present moment suffer this damage, and can allow such negligence on the part of the Sindri authorities, I want to know whether it was really kept under their care, and how much of the responsibility can be fixed on them.

The next point is whether any enquiry was really made by responsible persons in order to probe into the real cause of the fire which has caused damage to the extent of Rs. 10 lakhs. Finally we want to know also whether, after this damage, this plant can be installed at all, and whether we can utilise it in a better way.

Mr. Deputy-Speaker: Any other hon. Member wanting to put a question, though no notice has been given under rule 55(5)? None.

The Deputy Minister of Commerce and Industry (Shri Satish Chandra): The hon. Member in the very first sentence of his speech said that Sindri, one of the companies in the public sector, was mis-managed. This is how he started the observations in relation to a plant which has been lying there. I think that all his subsequent remarks have been conditioned by this original observation. There is very little justification for what he has said about the incompetence or inefficiency at Sindri, which, I may be allowed to say, is one of the best-managed State undertakings in the country. It was the first major chemical enterprise; it did very well. It is showing very good profits after having overcome the initial difficulties; and the administration and management of Sindri has been praised by all those who have had opportunity to see its work.

Mr. Deputy-Speaker: Except the hon. Member who also had an opportunity of seeing that,

Shri Aurobindo Ghosal: The production is going down everywhere.

Shri Satish Chandra: According to my hon. friend, this methanol plant was received in 1849. That is not a fact. According to my information, it came in 1950-51. The complete equipment of the methanol plant was received in India in 1951. The plant was part of German reparations received from a well-known firm of chemical engineers in Germany, namely BASF. It is true that it is a costly plant.....

Shri T. B. Vittal Rao: What is it?

Shri Satish Chandra: BASF, that is, Badische Aniline Soda Fabrik; they are one of the biggest chemical concerns in Europe. This plant was utilised there for the production of methanol. It was handed over free. We brought it here. We spent Rs. 7½ lakhs or so for its transportation from Germany to the Sindri site. There was no other big chemical factory in India at that time, and Sindri itself was being set up; so, Government thought it fit to keep it at Sindri, and see how it could be utilised in future.

Methanol is a military explosive. The capacity of this plant, is 140 tons of crude methanol per day. We made estimates of our requirements and found that hardly 16 tons per day production for a limited period in a year would be sufficient to meet our total requirements. This plant came to us free, but, it became a source of worry as to how it could be utilised. It was a big plant, about 1,500 tons in terms of weight, packed in hundreds of crates; it was brought here; but there was not even enough storing space for these large cases. So, they were stored in the open near the Sindri factory. Being a chemical plant, we thought it might be possible to utilise it for some purpose, a part of it or the whole of it. The matter has been considered again and again. We have always come across one difficulty that its capacity is too big for our purposes.

Then, we thought of alternative uses. We consulted experts. We got the Russian experts at one time; they said that it could be utilised, but that the plant was very old, it had been run for decades in Germany, it had been brought here, without proper inspection, and without fully testing it, it was difficult to take responsibility for setting up such a plant and to advise as to what other equipment would have to be added and so on.

Then, we consulted the firm of Messrs. Montecatini of Italy—the hon. Member knows all these details—who were entrusted with the expansion of our plant at Sindri. They were working there as contractors. So, we asked them to see this plant; after examining it, not very thoroughly, they informed us that if we set up a new methanol plant to meet our requirements, it might cost only ten per cent. more or something like that; besides, this plant would be an old one, whereas the new plant will be a brand new one. So this also did not help us.

We ourselves appointed an Expert Committee, taking a representative from the ordnance organisation of the Ministry of Defence, our own Industrial Adviser (Chemicals) and others to look into this matter and to see if something could be done. They examined the plant and made a recommendation that portions of it could certainly be used. It could be used for the manufacture of methanol provided the demand was substantial, it could be set up from the point of self-sufficiency and utilised for a limited period in a year. The Defence Ministry were consulted. They thought that it was a very hazardous explosive material and, therefore, it would be wrong to locate it at Sindri; they would like to locate it near one of their explosive factories.

The argument has gone on like that. I admit it has taken a very long time. It is unfortunate. We

[Shri Satish Chandra]

have constantly been trying to find out it with certain modifications, additions or alterations, it could be utilised for the production of ammonia. The plant, as we have got it at present, cannot start producing ammonia straightway. We have to put up a gasification plant; then there has to be purification and reforming of those gases before they can go into this methanol plant for the production of ammonia. There are many links in the production stream which are missing in the plant in the initial stages and towards the end. If it is utilised for the production of methanol, some additional plant would be necessary for refining that methanol. It is only crude methanol which can be produced by this plant.

Then we discussed the matter further. Our Industrial Adviser recommended that it would be better if we made a present of this to Sindri. Let them open all the crates, examine them and study them; let them see what part of the plant can be utilised in some other chemical project. It could be treated as part of an experimental station in which further researches could be carried on. The plant does not belong to Sindri. The hon Member posed a question as to the ownership of the plant. It was brought on Government account. It has been placed in the custody of Sindri. But it is not the property of Sindri until now. So any responsibility is also not Sindri's. We only entrusted Sindri with the responsibility of storing the crates and seeing that they are properly checked and maintained. But it is not the property of the Sindri factory. It is the property of the Government. We want to utilise it as best as possible. Ultimately, we wanted to consult some other firms such as BASF and ask for their opinion. For some time, they were hesitant, but last year they said that they would be glad to make a project report for us. Their experts came here and examined this plant. They went back and promised that in three

or four months, they would be able to give a detailed project report as to how this plant could be utilised under our conditions. Normally, we would have got this report a few months ago. But then we received another communication from BASF, who were the original owners of this plant, that our coke and coal gas was not completely suitable for the plant, and some additional carbon dioxide gas had to be added from outside. The percentage of carbon monoxide was not the same as in Germany. Therefore, certain alterations were necessary. Carbon dioxide gas will have to be provided from outside. We made enquiries whether Sindri was in a position to provide that additional gas so that the deficiency in our coke and coal could be overcome. Unfortunately, Sindri has no spare gas of the type that is required. So, they have started all over again to study as to how it could be utilised on the basis of the Indian coal. All these complications have been there. It is an extremely technical matter. As a layman I have tried to understand it and I am placing the facts before you. It is a highly technical matter on which chemical engineers have applied their minds which I cannot even express in very clear terms before this House. I will hesitate to draw conclusions which the hon. Member has drawn from our inability to set up this plant up to this time. But we are anxiously awaiting the report. We do not know the financial implications. The two earlier appraisals of the Russians and the Italians do not give us a very detailed picture. After a preliminary examination of the plant, they said that it could be installed with alterations or additions.

The hon. Member referred to the firm of Bachako and said that they expressed their inability to put up this plant due to the intransigent attitude adopted by the managing director who, according to the hon. Member, has been placing all sorts of impediments in the way of putting

up this plant at Sindri. I am surprised that such a thing should have been said in this House. The managing director of Sindri is a conscientious public servant and is as anxious as any one of us to make the best use of that plant.

Shri Aurobindo Ghosal: I can give you more facts.

Shri Satish Chandra: You may raise another discussion. But as regards this plant, it is not his responsibility. He is only a custodian. We actually asked this firm which is expert in methanol production to come and examine and give us a report. We invited tenders. They were not interested at all; they never examined this plant. I do not know how the hon. Member gets this information. Perhaps they thought that the matter was too small for them to come all the way from Germany and give us a report.

Shri T. B. Vittal Rao: They did not do so because Sindri is a competitor to Buchako.

Shri Satish Chandra: I do not think it is a competitor. Sindri is not even an exporter of its product; the whole of it is utilised in India and we are today a bigger importer of fertilisers than we were when Sindri was set up because the demand is growing faster than production.

Shri T. B. Vittal Rao: In the matter of setting up a fertiliser plant at Rourkela, Sindri had also taken a contract for Rs. 8 crores.

Shri Satish Chandra: That was earlier than this. These tenders were invited even before that date. Anyhow, the managing director has no interest in not utilising something which belongs to the nation if it can be done in a proper manner and for the advantage of the people of this country.

The hon. Member referred at great length to the fire incident that took 296(Ai) LSD-9

place at Sindri a few months ago. As I said, for seven or eight years these huge crates weighing thousands of tons have been lying in the open field by the side of a railway siding. They have been looked after by chowkidars and others on the spot. Periodically these crates are opened, the contents are cleaned and some greasing is done to the more important mechanical portions of the plants. The earlier fire to which the hon. Member referred started a few hundred yards away from this plant on the other side of the railway line. There is a railway line going in between these crates lying across the yard on one side and the timber sleepers lying a few yards away on the other side. There was a fire during the day in the open where some rotten sleepers which were to be moved out by the railways were lying. The earlier fire might have been caused by sparks from the railway engine. Fire extinguishers extinguished the fire. How the second fire started is not clear. An enquiry committee consisting of technicians was appointed. The hon. Member wanted to know the names of the members of the technical committee. There was an officer from the Sindri Power House, the Stores officer of Sindri and a Technologist of Sindri. They were Messrs. Ghosh, Subbaraya and Varhat. These three officers were directed to enquire into the causes of the second fire which took place in the methanol plant that day. They found that it was accidental. There was nobody near the crates. As I said there was an earlier fire across the railway yard. Though it was thought to be extinguished, it is possible the wind was blowing from that side towards the place where the methanol plant was stored. Some flying sparks from earlier fire might have landed on the crates and caused the second fire. They were not definite about it; they have only said that it could have been the cause of this fire.

The damage has been assessed according to the book value, as only

[Shri Satish Chandra]

Rs. 1 lakh, but the Sindri management say that if the portions which have been damaged are to be replaced with new equipment, probably the replacement cost may be somewhere about Rs. 10 lakhs to Rs. 11 lakhs. The fire was dealt with promptly and extinguished. Some of the crates actually caught fire. The actual damage, apart from the rough estimates that have been made, will only be known when the plant is actually put up somewhere and replacements are ordered.

I have nothing more to say, except that apart from this fire incident,

which is unfortunate, the setting up of the methanol plant is a very complicated problem and it is receiving Government's attention. It can be utilised, as I said, in many ways, but it requires very competent technical advice for which we have appointed technical consultants in Germany who are preparing the project report.

17.35 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, December 8, 1959/Agrahayana 17, 1881 (Saka).