

to 63 and 124 relating to the Ministry of Information and Broadcasting."

*The motion was adopted.*

[The motions for Demands for Grants which were adopted by the Lok Sabha are reproduced below—Ed.]

**DEMAND No. 61—MINISTRY OF INFORMATION AND BROADCASTING**

"That a sum not exceeding Rs. 13,17,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Ministry of Information and Broadcasting'".

**DEMAND No. 62—BROADCASTING**

"That a sum not exceeding Rs. 4,25,77,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Broadcasting'".

**DEMAND No. 63—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF INFORMATION AND BROADCASTING**

"That a sum not exceeding Rs. 3,14,88,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Miscellaneous Departments and Expenditure under the Ministry of Information and Broadcasting'".

**DEMAND No. 124—CAPITAL OUTLAY ON BROADCASTING**

"That a sum not exceeding Rs. 1,83,33,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending

the 31st day of March, 1960, in respect of 'Capital Outlay on Broadcasting'".

**MINISTRY OF STEEL, MINES AND FUEL**

Mr. Speaker: The House will now take up discussion on Demands Nos. 81 to 84 and 130 relating to the Ministry of Steel Mines and Fuel for which 8 hours have been allotted.

Hon. Members desirous of moving cut motions may hand over at the Table within 15 minutes the numbers of the selected cut motions. I shall treat them as moved, if the Members in whose names those cut motions stand are present in the House and the motions are otherwise in order.

**DEMAND No. 81—MINISTRY OF STEEL, MINES AND FUEL**

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 36,98,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Ministry of Steel, Mines and Fuel'".

**DEMAND No. 82—GEOLOGICAL SURVEY**

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 2,02,63,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Geological Survey'".

**DEMAND No. 83—EXPLORATION OF OIL AND NATURAL GAS**

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 3,10,24,000 be granted to the President to complete the sum

[Mr. Speaker]

necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Exploration of Oil and Natural Gas'.

**DEMAND No. 84—MISCELLANEOUS DEPARTMENTS AND OTHER EXPENDITURE UNDER THE MINISTRY OF STEEL, MINES AND FUEL.**

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 24,81,40,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Miscellaneous Departments and Other Expenditure under the Ministry of Steel, Mines and Fuel'."

**DEMAND No. 130—CAPITAL OUTLAY OF THE MINISTRY OF STEEL, MINES AND FUEL.**

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 22,06,80,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1960, in respect of 'Capital Outlay of the Ministry of Steel, Mines and Fuel'."

The Minister of Steel, Mines and Fuel (Sardar Swaran Singh): In moving the Demand for Grants for 1959-60, I would, with the permission of the House, like to make a statement. Last year I said that, acts of God apart, 1959 should witness production along with construction and that we hoped to be on surer ground. By and large, events have justified my hopes. As the House is aware, the first blast furnaces in Rourkela and Bhilai were commissioned early in February. This

was a significant occasion. But, it was only the beginning. Though blast furnaces, by themselves, are massive and complex and represent the first fruition of our efforts, it is not iron but steel that is our goal. I am glad to report to the House that the tempo of construction achieved in 1958 has been maintained, and even improved upon. The fact that we have about 152,000 men at work in the three projects will give the House an idea of the massiveness of the work that is being undertaken. The tempo of construction warrants the hope that during 1959 the first saleable steel—billets from Bhilai and plates from Rourkela—should flow out towards the end of the year. By the time I come before this House again next year, I expect that the structural mill in Bhilai and the continuous strip mill in Rourkela will be ready for operation, if not in actual operation.

14.11 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

I would, at this stage, like to refer to the progress of work in the three steel projects. To begin with, I must say that the actual performance in 1958 has somewhat exceeded my own expectations. This indeed was the main reason why I had to ask for a sizeable supplementary grant, which the House was good enough to vote.

In Rourkela, 305,000 tons of equipment and material have already been received; only about 45,000 tons more remain to be shipped. On the ground, I can say that the back of the civil engineering work has been definitely broken. Two years ago, the civil engineering work in the rolling mills and the blast furnaces—both massive and complicated—were a matter of concern. I am glad to say that, thanks to the effort put in since then by all concerned, the civil engineering work in the rolling mills and the blast furnaces—and indeed in all parts of the plant—is well up to schedule. On the site, emphasis has

definitely shifted from civil works to erection of steel structures and other equipment. The work has become well organised. There is, therefore, every reason to warrant the hope that the steel melting shops, the primary rolling mill and the plate mill will be ready for operation by the end of the year. The second and third blast furnaces will also be ready for operation in good time to meet the demand for iron either for steel making or for export.

I would here refer to the production in the first blast furnace. The House will remember that I answered a question on the subject some time back. I am sorry to say that until now the actual production in Rourkela has been rather low, the rate being 400 to 500 tons a day. I am assured that this is not due to any defect in the blast furnace itself—on the contrary, the furnace is in good shape and capable of yielding the rated production at any time—but production has had to be deliberately kept down because of some minor difficulty in the functioning of the tilting system in the pig casting machine. This has been set right and in a very short time the furnace should be working at full capacity.

In Bhilai good progress in construction was made in 1958 and the high tempo achieved is continuing. Practically the entire equipment has come in. There remains to be shipped only about 38,000 tons. The civil engineering work is generally on schedule and here again the emphasis has shifted to the erection of structures and plant and equipment. A considerable part of the work is being done departmentally, the departmental organisation employing 34,627 persons. I have every reason to believe that the tempo of work will not only be maintained but increased, and I expect Bhilai steel to be in the market well before the year is out.

I am glad to say that the production of iron in the first blast furnace is going on very satisfactorily. 36,000

tons have been produced up to the end of March 1959 and despatches to consumers have begun.

In Durgapur also, the progress in 1958 was satisfactory and it continues to be so. As hon. Members are aware, the first blast furnace of Durgapur is scheduled to be commissioned in November this year and the first rolling mill in April next year. Viewed against this schedule, the shipment of equipment and the progress of construction work at site are satisfactory. Out of a total of about 250,000 tons, about 150,000 tons were shipped till the end of March. The tempo of work is also building up steadily. There would, therefore, be every reason to expect that the target dates would be maintained. Nevertheless, I am constrained to introduce a note of hesitation. It has recently come to notice that some piling foundations were defective. This means that it is now necessary to establish beyond doubt that all other piling foundations are free from defects. The matter is, therefore, being investigated thoroughly and urgently. The ISCON themselves have made a statement that a full investigation will be made and corrective measures taken without involving any delay or any additional cost to Government. I for my part will naturally insist that corrective measures should be taken to establish the safety of the foundations beyond doubt.

I hope that the brief recapitulation I have given of the progress of work in 1958-59 and the expectations in the next year will serve to elucidate the reasons for the budget grants asked for. As I said earlier, a quickening of the shipments of plant and equipment as well as an increase in the physical volume of construction work necessitated a substantial supplementary demand for 1958-59. As a result of this, the bulk of the plant and equipment for Rourkela and Bhilai would have been paid for in 1958-59. To that extent, the requirements under this head would naturally be smaller in 1959-60. The tempo of

[Sardar Swaran Singh]

construction and erection work at site will, however, remain undiminished; in fact, it may have to increase. Taking all these factors into account, I have asked for a grant of Rs 122 crores for 1959-60. I believe that this would be sufficient to sustain the progress of work. But, if by further intensive effort we are able to increase the tempo of work still further, I am sure the House will only be too glad to grant further sums. This of course, would merely mean that we will be spending this year what would otherwise be spent next year. I have no reason to expect that the total estimates will require any significant revision.

The steel plants now being set up are certainly complex, costly and represent the largest of investment in any single industry in the Second Five Year Plan. This, as the House is aware, was based on the fact that steel is basic to the economy. It was an ambitious target and it represented, in a sense, an act of faith. Only when the task is fulfilled, would it be possible to get a proper appreciation of what the entire effort has meant. One should remember that it was during the few years after 1955 that vast expansion of steel output took place in almost all countries. In this context our decision to build three steel plants, all at the same time, meant the acceptance of a grave burden. One can say with some confidence that the back of the work has been broken and the fruits of our investment are coming into sight. In this process, mistakes would, no doubt, have been made and almost everyone engaged in the task would be able to say in the light of experience how things might have been done better, had he that experience earlier. I am sure the House will agree with me that our endeavour should be to benefit for the future from the many and varied experience of the past. In a sense, this is a continuous process. But it is equally important to evaluate experience properly and to draw the right lessons

from it. This cannot be done hastily or in mid-job, so to say. Let us, therefore, concentrate on finishing the job first. And we would then be better equipped to evaluate everything in proper perspective.

I have so far dealt with the plants proper. The steel plants by themselves are mighty industrial complexes and will employ large numbers. It has been estimated that the three plants would require 2,000 engineers and about 19,000 operatives and skilled workers. We have had not only to recruit and train all these but also house them. So far as training is concerned, a programme has been worked out for training all the engineers in the steel works in the USSR, USA, UK, West Germany, Canada and Australia. So far, 776 engineers and 264 operatives have been sent abroad; of these 528 engineers and 148 operatives have completed their training and are at work in the plants. To house the engineers and workers, modern townships are being built in each of the plants. Each township will, in the initial stages, consist of 7,500 houses and all ancillary facilities. In Rourkela, almost the entire number is either completed or under construction. In Bhilai, 3,000 houses have been completed and 2,000 are under construction, and in Durgapur, about 1,400 houses have been built. I am only repeating the figures to emphasise the fact that a steel town is not merely a production centre but also constitutes a living and growing community.

The progress of construction in the auxiliaries to the plant is also making satisfactory headway. The mechanised ore mine at Barsua will be, according to the present schedule, ready by the end of the year or early in 1960. Until the mine is ready, ore is being purchased. In Bhilai, however, the furnace is using float ore from Rajhara and the mechanisation of the mine also will be completed by the end of the year. For both Rourkela and

Bhilai, the limestone quarries at Purnapani and Nandini are being mechanised and in the meanwhile, the plants are using limestone quarried manually. Durgapur will draw its iron ore from the Gua region. The movement of coal to the plants has been so far satisfactory and no difficulty is anticipated in this regard. I would also like to recall to the House that we have already awarded the contract for the Dugda washery and a washery at Bhojudih will soon be settled.

Steel has been called a basic industry in more than one sense because it is the mother of many. The largest single ancillary unit yet to come up is the Rourkela fertilizer plant. This plant, which will be based on the surplus gases from the coke ovens and the free nitrogen from the oxygen plant, is massive in itself and would produce nearly 580,000 tons of nitro-limestone. Orders for the plant have been placed partly on a foreign firm and partly on Sindri. The plant will be ready in early 1962.

The House is already aware that in order to avoid import of tool and special steels, which will not be produced in the steel plants now under construction, we have decided to set up an alloy and special steels plant. We hope to place an order for the plant by the middle of this year.

I have so far dealt with mainly the plants in the public sector. But in our pre-occupation with large things, we have tried as best as we could to maintain a balance between the big and the small. As hon. Members are aware, the two basic raw materials for steel making are iron ore and metallurgical coal and while we have iron ore fairly distributed all over the country, metallurgical coals are limited to the Bihar-Bengal-Orissa area. This imbalance can be corrected to some extent by setting up furnaces which could use non-metallurgical coals. The developments in other countries are being watched carefully. It is for testing of ores and all types of coals that a pilot low shaft furnace has been set up in the National Metal-

lurgical Laboratory. We have also heard about the spectacular increases of production in China where the report shows that small plants with a capacity of 5 to 10 tons a day are being operated in rural areas. We have sent a mission to study this. In the meantime, we have also licensed a few small units where steel will be produced either by using low grade coal or with the lower grades of raw materials. All these plants are either nearing completion or in the process of being set up, and as such, we cannot at the moment say with any degree of precision how far they would prove to be economic. But if they are, they would open up a new vista for development.

I would like to refer to the prospects of the future, firstly to the limited prospects of supply of steel in 1959-60 and secondly to the larger prospects of the development of the steel industry itself.

As hon. Members are aware, the impact of some of the events which I have tried to recapitulate on the economy of this country, and particularly on steel economy, has not and will not be inconsiderable. During the last few years, the imports of iron and steel have been a burden on our strained foreign exchange reserves. Till the middle of 1957, when restrictions were placed on imports, steel was being licensed liberally. Anybody was free to import what he liked. The sizeable imports of 1957 themselves represent the flow from orders booked earlier. Arising from the restrictions imposed, we imported nearly half a million tons less in 1958 as compared to the year 1957. We spent Rs. 86 crores to do so. This certainly created some hardships, but it could not be helped. But in spite of our foreign exchange difficulties, we have tried our best not to interrupt the smooth flow of industrial production. The demand for iron and steel has been growing and though in the next year we shall not be able to meet all the demands in full, I have no hesitation in saying that the situation will

[Sardar Swaran Singh]

progressively improve. The pig iron shortage which was so acute during the last two or three years is now over. We have already simplified the system of distribution and I am thinking of a further simplification shortly. We hope not only to meet all the demands for pig iron but also to export sizeable quantities. In the case of steel also the process of improvement in supplies has already started. We have been able, since the beginning of the year, to increase the allotment of raw materials, that is, billets, to the re-rolling mills and by and large the allocations made would be enough to enable production in the industry at very economic levels. In the course of the year, I expect to be able to increase the supplies to the re-rolling mills further. As hon. Members are aware, practically the entire production of re-rolling mills consists of bars and rods required by the general public. All this is essentially due to the increased production in the private sector. In Jamshedpur, where a major part of the expansion programme was scheduled to be completed by May 1958, there has been unfortunately some delay. But the programme, except for some ancillaries, is now almost complete. At Burnpur, but for the bar mill and some ancillaries, the programme is also almost complete; and what is left over should be completed by the end of the year. This does not, of course, mean that the target of production, namely, two million tons of ingots at Jamshedpur and a million tons at Burnpur, will immediately be reached to the full. As everywhere, it will take several months before each unit is tuned in to the regular operation at full capacity, but there is no doubt that production in these works will progressively increase during the course of the year and towards the end of the year, the position should improve further with the commissioning of the first rolling mills in Rourkela and Bhilai.

I have dealt with, in general terms, about the prospects of supply in

1959. I would like now to turn to the future. Being endowed with large resources of raw material, it is but natural that we should think of producing all the steel we need and even plan for small surpluses for export. The Second Five Year Plan target of six million tons of ingots was largely based on an assessment of what we need by 1960-61 and therefore in setting this target we did not deliberately plan for any exportable surpluses. It may be that, as in any other steel economy, we would have, when all the plants go into production, marginal surpluses and marginal deficits. The broad picture of the future, however, is fairly clear. The very fact that we have the raw material and that during the construction of these works, we have gathered rich experience, would warrant an increase in our productive capacity. Even the plants that are under construction are capable of expansion at comparatively lower order of costs. The original planning itself provided facilities for such expansion. It is therefore natural that we should already be thinking not only of expanding the plants but of setting up new ones. These are matters which are even now engaging the attention of Government. But how much we would expand is yet uncertain. It would depend very largely on the decisions taken as to the size of the Third Five Year Plan itself and the contemplated investments by sectors. But I have no fear that steel being, like coal, a basic industry, it would have its rightful place in the years to come.

The Oil and Natural Gas Commission have intensified their search for oil. Some indications of gas reserves have been obtained from the drilling that has been continuing in the Jwalamukhi area in Punjab. A deep test well has been drilled also in the Hoshiarpur area in Punjab. Drilling will be started shortly in the Sibsagar area in Assam. Shallow drilling has been in progress in the Baroda area and, recently, there was indication of

gas and some oil. The most significant development, however, has been in the Cambay area of Bombay. In course of the drilling of the first deep well in that area at Lunej, oil under pressure was encountered in September; subsequently, indication has been obtained of several promising oil horizons. The site for the second test well in that area has already been chosen and drilling on it is going to be started shortly. Arrangements are being made for obtaining additional drilling equipment so that more test wells can be drilled in these areas, and particularly in Cambay to gauge the extent of the potential oil reserves there.

Under the Indo-Stanvac Petroleum Project, in which Government have 25 per cent share, the Standard Vacuum Oil Co are continuing their search for oil in the West Bengal basin. Five test wells have already been completed, but, so far, without finding oil or gas, work is continuing on their sixth test well near Ranaghat.

As envisaged in the agreement concluded with the Burmah Oil Co, a Rupee Company known as Oil India Ltd in which Government have 33-1/3 per cent share, has now been formally incorporated on 18th February, 1959, and will be responsible for the production of crude oil from the Naharkatiya and Moran oil-fields in Assam and also for the transportation of that crude oil by pipelines to the two refiners that Government are going to set up to process that oil.

For the construction and operation of the proposed two refineries a wholly Government-owned company, the Indian Refineries Ltd has been set up. For the supply of equipment and technical assistance for the construction of the first refinery, an agreement has already been concluded with the Government of the Rumanian People's Republic on 20th October, 1958, the terms include long-term credits. Steps are also being taken to negotiate with the Government of the USSR for obtaining

collaboration in setting up the second refinery, to be located at Barauni in Bihar.

Along with oil, considerable reserves of natural gas have also been found in the Naharkatiya oil-fields. Part of this gas will be produced along with crude oil. An expert committee is being set up to determine what uses should be made of this gas.

During the year, the existing refineries maintained continuous production and, despite growing demand for petroleum products and shortage of foreign exchange, supplies were maintained.

The question of prices of petroleum products has been engaging the attention of Government. With the agreement of oil companies, an examination has been undertaken by our Chief Cost Accounts Officer about the various items that go into the price structure of the oil companies, with a view to determine what items and what quantum of each such item should be included in the new price formula that is sought to be finalised with the oil companies. The Chief Cost Accounts Officer's report has very recently been received in the Ministry and is being examined by Government after which a new price formula will be negotiated with the oil companies. The companies on an ad hoc basis gave effect from 20th May, 1958 to reductions in the basic selling prices which gave a relief of approximately Rs 10 crores per year and these reductions were mopped up for the exchequer by the imposition of additional customs and excise duties.

As previously, the work of exploration and prospecting in respect of minerals was continued by the two organisations namely, the Geological Survey of India and the Indian Bureau of Mines. The former is principally concerned with geological mapping and mineral exploration, investigation of ground-water and with the geological aspects of the

[Sardar Swaran Singh]

engineering projects. Systematic geological mapping of the scale of one inch to one mile was carried out in the States of Andhra Pradesh, Bombay, Kerala, Madras, Orissa, Rajasthan and UP while detailed mapping on a larger scale was undertaken in the important mineralised belts situated in these States and in Jammu and Kashmir and Madhya Pradesh. A provision of Rs. 4.85 crores was made in the Second Plan for the expansion of the activities of the Geological Survey of India, and in the first two years, the expenditure incurred on the plan items amounted to Rs. 88.59 lakhs only. Major expansion in its activities took place in the year 1958-59, and the tempo is being increased during the course of the coming year. It would be seen from the budget documents that as against the total provision for the current year of Rs. 1.20 crores, provision of Rs. 2.21 crores has been made for the coming year. In addition to the discovery of new coal seams and the proving of the extension of many of the known coal seams in the Raniganj area, the Geological Survey of India discovered a large deposit of gypsum at Nagore in Rajasthan and of cement-grade limestone in the Punjab. The programme of fieldwork for the year 1959 includes all items of high priority investigations relating to key minerals and fuel. Particular emphasis is proposed to be laid on investigation work in respect of base metals and for that purpose a Base Metal Wing under a senior officer has already been established in the Geological Survey of India.

The Indian Bureau of Mines takes up detailed investigation and proving with a view to exploiting the minerals on the basis of the preliminary work done by the Geological Survey of India. Under the Second Five Year Plan, the Bureau has been entrusted with proving work in respect of mainly copper, lead, zinc, gypsum, magnesite and coal. Very encouraging results have been obtained in respect of copper exploration at Khetri and

Daribo and exploratory mining has now been undertaken. At Amjhor in Bihar, 5.63 million tons of pyrites have been proved, and a scheme is under consideration for the production of sulphur and sulphuric acid. The Bureau was expected to prove a quantity of 800 million tons of coal by October 1959, and it is gratifying to note that by the end of the last month they had proved 832.7 million tons already. At Almora in UP, 2.10 million tons of magnesite have been proved already and the drilling operations are now about to be concluded.

During the course of the current year, the National Mineral Development Corporation was incorporated with an authorised capital of Rs. 15 crores. The corporation will be in a position to undertake exploitation of minerals in the public sector in accordance with the Industrial Policy Resolution. At the present moment, this corporation has been entrusted with the Kiriburu project for raising 2 million tons of iron ore annually for export to Japan starting from early 1964. The Orissa Mining Corporation which was set up two years ago expanded its activities during 1958 and was able to raise more than 77,000 tons of iron ore from Maharajpur and Tungaisuni mines. All this ore was exported to Japan through the State Trading Corporation. Efforts are being made to expand its activities.

When I spoke in the House this time last year, the total production of coal in the country had touched the record level of a little over 43 million tons per annum, and I gave the House an indication of the likely prospects of a further rise in production during 1958. I am happy to report that my expectation has been almost fulfilled. By the end of 1958, production had reached the level of 45.35 million tons per annum the private sector contributing 39.55 million tons and the public sector 5.8 million tons approximately. If I may be permitted to attempt a forecast for 1959, as I did for 1958, the performance of the

private sector is likely to improve to 41 million tons, if not more, during the year, and that of the public sector, including the Singareni collieries, to 8 million tons

The private sector has given an additional production of 5.7 million tons, when compared to the figure of 33.85 million tons for 1955. This represents a 17 per cent increase; and when compared with the additional production of 10 million tons to be reached by the end of the current Plan period, it is well over 50 per cent of the target. Production in 1958 could have been higher but for the Chuna-kuri disaster and strikes in two major groups of mines in the Raniganj field. Difficulties there are bound to be from time to time in greater or lesser degree, but I am hopeful that the entire target of 10 million tons of additional production for the private sector will be attained by the end of the current Plan period.

Turning now to the public sector, the production of 5.8 million tons by the end of 1958 includes 3.5 million tons from the 11 old State collieries, 0.2 million tons from new mines opened up in virgin areas by the National Coal Development Corporation and 2.1 million tons from the Singareni collieries. So far as the old State collieries are concerned, the Plan target of additional production, which is 0.5 million tons, has already been reached and even surpassed. The production from these collieries in 1958 was 3.48 million tons against 2.8 million tons in 1955, an increase of 25 per cent. The production of 0.2 million tons from new mines is again not a mean achievement, though it may not be spectacular. New mines, whether open cast or underground, take at least four to five years to reach the full stage of development and, as I explained to the House last year, there are a whole series of difficult and time-consuming preparatory steps before the mines themselves could be projected, not to speak of the procurement of machinery and equipment, recruitment or technical personnel, civil construction and the like, which have to be taken

up after the mine plans are ready. At the same time, any complacency over a matter like this would be a dangerous thing. I have been assured that the National Coal Development Corporation are sparing no effort to see that the tempo of production picks up and goes forward with sufficient momentum during the remainder of the current Plan period.

As the House is aware, out of the Plan target of 12 million tons of additional production, 10.5 million tons are to be raised by the National Coal Development Corporation, and the balance by the Singareni Collieries Co. The field-wise pattern has been modified and the Corporation are working to the following revised targets,

Additional production

	Million tons
Bihar	
Kathara	1.5
Karanpura	5.0
Madhya Pradesh	
Korba	1.6
Central India	1.5
Orissa	
Talcher (Balanda area)	0.5
	<hr/>
	10.1
Expansion from the existing 11 State collieries	0.5
	<hr/>
	10.6

Roughly, one half of the above target is to be realised through open cast workings.

Significant progress has been made in regard to the exposure of coal after removal of over-burden in the open cast mines and the drivage of inclines in the underground mines. In the open cast mines at Kathara, Saunda, Bachra, Bhurkunda and Korba, raising and despatches have already started in a small way. The figures would have been very much better than is reflected in the total of 0.2 million tons, which I had earlier quoted for 1958 if the necessary rail-way sidings had become available.

[Sardar Swaran Singh]

These sidings are now expected to be ready within the next three or four months

Arrivals of machinery and equipment from abroad have been satisfactory. So far, the value of orders placed is roughly about Rs 13 crores and nearly one half of the equipment has already arrived and has been placed in position or is in the process of being conveyed to the various projects. Simultaneously, provision of workshop and repair facilities is receiving sustained attention. The proposal is to have a large central workshop and four or five regional workshops.

Against the above background, I feel reasonably confident that the Corporation would be in a position to reach a level of production, towards the end of the current Plan period, commensurate with the target of 105 million tons.

Before I pass on to other matters of interest, I would mention the Coal Washery at Kargali, the first of its kind to be put up in the public sector. This washery was brought into operation on the 1st November, 1958. Though it is still undergoing trial runs, it has been able to meet the requirements of the Bhilai and Rourkela steel projects. The quantity of washed coal produced and despatched in January 1959, was 37,000 tons. In February, the washery was fully geared to produce as much as 48,000 tons. As is usual with plants of this kind and capacity, certain teething troubles have been encountered, but these are being looked into and the washery will be formally taken over only after it is clear that it can work at its full rated capacity. For ensuring the full throughput of raw coal to the washery, steps are being taken to increase the production from the Bokaro and Kargali collieries by at least 25,000 tons per month. These are expected to bear fruit by the time the

full demand of the blast furnaces at Bhilai and Rourkela builds up.

Now I turn to the Singareni Collieries Company. Starting with a production of 1.5 million tons in 1955, the collieries have been able to raise 2.1 million tons in 1958 against the Plan target of 3.1 million tons. They have thus been able to achieve 40 per cent of the target already. The pattern of financial assistance to be rendered by the Central Government has now been finally settled in consultation with the Andhra Pradesh Government who hold 88 per cent of the shares of the company. The formal deed of agreement with the Andhra Pradesh Government and the Singareni Collieries Co. will be executed shortly. Under this agreement, the paid-up share capital of the company would be revised to Rs 300 lakhs out of which the Central Government would hold 40 per cent. A loan of Rs 285 lakhs will be advanced by the Centre to the company in addition. The House is already aware of the loan of Rs 10 lakhs granted in 1957. In terms of the present agreement, a further instalment of loan, amounting to Rs 60 lakhs has been sanctioned. This would take care of the immediate needs of the company.

The daily average loadings from the West Bengal and Bihar collieries registered a significant increase from 3,689 in 1957 to 3,910 in 1958. The railways are continuing their efforts to improve the supply of wagons still further, particularly on the South-Eastern Railway. In the matter of sand for stowing, a few individual collieries have their own schemes but these are by no means adequate. The Coal Board set up two expert committees early in 1957 to go into these questions, and they have recommended that Central schemes for the excavation and transportation of sand would have to be undertaken. The proposals are now under examination. Provision of adequate stowing facilities, particularly for the coking coal collieries in the Jharia field, is

undoubtedly of great urgency, but whether the resources needed for the implementation of the Central schemes could be made available to the Coal Board and if so, how, is an equally relevant consideration. Government are currently examining all aspects of the matter. Recently, the maximum rates of stowing assistance by the Coal Board have also been liberalised.

Very soon, Sir, the frame of the Third Five Year Plan would have to be settled. One of the principal objectives of the Plan is to develop a self-sufficient and regenerative economy, with a view to effecting a substantial reduction of our outgo of foreign exchange. The overall industrial picture that would have to emerge by 1985-86 has also to be borne in mind. In this picture, fuel is bound to have an important place. A provisional estimate indicates that the rate of increase may have to be doubled to meet the requirements of coal. To achieve a production of this order, preparatory action in certain directions has to be started even now. One of them is geological mapping and survey and detailed drilling of the new areas that are likely to be taken up for development. An order of priority for this work has been laid down already. The Geological Survey of India and the Indian Bureau of Mines have drafted a three-year programme each, so that the drilling data would be available for the projection of the new mines by 1962.

Now I come to the Neyveli Lignite project. As the House is aware, this integrated project occupies an important place, in the industrial development of the South. Based on an annual output of 3½ million tons of lignite from the mine, it includes the generation of 250 MW of electricity at a thermal power station and the production of 152,000 tons of urea and of 380,000 tons of smokeless carbonised briquettes for use as domestic and industrial fuel. The progress achieved under the mining scheme by the end of 1958 was ahead of schedule.

3(A1) L.S.D.—6.

The target of removal of over-burden up to the end of the current financial year is 7.02 million cubic yards, while the target from the commencement of the operations till the end of February, 1959, is 6.42 million cubic yards. Against the latter target, the actual quantity excavated was 6.83 million cubic yards, i.e., over 4 lakhs cubic yards in excess of the target. The development phase of the scheme envisages the removal of a total of 27 million cubic yards. The end of this phase would be reached round about December, 1960, or early in January 1961, when parts of the lignite seam will be exposed. With the commissioning of specialised items of equipment, such as bucket wheel excavators, slewable spreaders and belt conveyors, some of which are already under erection, the pace of over-burden removal will increase considerably in the months to come. The scheme for ground water control is ready, and on the basis of the various pumping tests, the specifications of the drills, pumps and casing pipes required have been drawn up and action initiated for the procurement of these items. Regular pumping under the scheme for ground water control will be called for only after the excavations in the first mining cut have reached a depth beyond 100 feet below the ground level.

The detailed project report for the thermal power station furnished by the Soviets has been accepted with some modifications. A contract for the preparation of designs and detailed working drawings has already been signed. The first unit of the power station is expected to be commissioned in the second quarter of 1961, by which time the mining scheme would be in a position to supply the lignite required.

The Neyveli fertiliser scheme was sanctioned by Government in December 1957 at an estimated cost of Rs. 21 crores, subject to credit facilities being available in respect of the foreign exchange component. Global tenders

[Sardar Swaran Singh]

for the supply and erection of the plant were invited by the Corporation in May 1958. Quotations have already been received and are now in the final stage of scrutiny. Orders would be placed by the end of May next. Production of urea is expected to commence by about the middle of 1962.

As regards the briquetting and carbonising scheme. I am glad to inform the House that, in view of the shortage of fuel in the South and in the interests of the over-all economics of the integrated projects, Government have decided to implement the scheme in its entirety. The Lignite Corporation has accordingly been authorised to float a global tender at the earliest for the supply of the plant, machinery and equipment required for the scheme. The Corporation will be doing this very shortly. They are at present engaged in the completion of the detailed project report based on tests already conducted with their lignite on the pilot briquetting and carbonising plant received under the T.C.M. aid and erected in May, 1958. The intention is that this scheme also should go into operation, if possible, by about the middle of 1962 to synchronise with the completion of the thermal power station and the Fertiliser Scheme.

The entire project would thus be in full scale operation in the second half of 1962. This means a spill-over of a little more than one year beyond the current Plan period.

**Shri Braj Raj Singh (Ferozabad):** May I suggest that a copy of this statement be circulated to hon. Members?

**Sardar A. S. Saigal (Janjgir):** May I also request that the statement he has made be circulated to Members?

**Sardar Swaran Singh:** I will make arrangements.

**Shri Nath Pai (Rajapur):** Mr. Deputy-Speaker, Sir, it will be indeed

highly uncharitable to recall the epithets my hon. friend, Shri Hem Barua, had employed in describing the speeches of Ministers, but I should like to say that I have listened with great patience. I am very happy that he had made a departure from the normal practice, but I wish that he had turned it to better advantage. This would have been possible if he had tried to give us something more than the report which he has presented already to the House and the explanatory notes, which go with the Demands of his Ministry. There have been some new aspects which I welcome, but I think, by and large, the speech was devoted to what is already contained in the reports of his Ministry.

I should like to say this at the very outset that there has been a notable development since we last discussed in this House particularly the affairs of the Hindustan Steel (P) Limited—I refer to the furnaces to which, of course, he made a reference in the very beginning of his speech. But I want to call it only a significant and notable development; I should have liked to call it an achievement; but an achievement means something different; it means doing a difficult job; it means surmounting what looks to be insurmountable obstacles; it means doing a job against all kinds of odds. But when the news that the blast furnaces were commissioned came, we thought that at the most they evoked feelings of relief, not of enthusiastic exultation. One said 'Good lord, at last, at last, something has been done', because mixed with these expressions was a long experience. When one said it has been done, one thought of what could have been done with much more speed and at much lower price to the nation.

When I initiated the debate on the 25th November, 1958, I had tried to draw the attention of the House to certain very disturbing features in the working of the Hindustan Steel (P) Limited. I had particularly emphasised the easily avoidable delays,

the extravagance, the lack of planning which made a mockery of the word 'planning' and many similar defects which, I had thought, could have been avoided with a little more of vision, a little more of vigour and a little more of determination.

In his very amiable but not very convincing reply, Sardar Swaran Singh—to quote him—in order not to present a picture that there is anything wrong with the steel plants, had stated something which had not very much convinced us. He insisted that there was not anything wrong. These are his words in his speech to the House on the 25th November. I had pointed out examples of colossal waste, of inordinate delays, of lack of planning. He brushed aside these mountains of evidence and, in what must remain a masterpiece of understatement at which even a born Englishman must blush, he said:

“We have not done badly, faced with a task of this magnitude”.

What a masterpiece of understatement that is, when we had submitted to this House such mountains of evidence on every point we had ventured to raise!

14.53 hrs.

[SRI C. R. PATTABHI RAMAN in the Chair]

Since then, the 33rd Report of the Estimates Committee has been submitted to us, and seldom has a speech been upheld so much as on this occasion. In every manner of detail, even the Estimates Committee has confirmed what we had submitted to the House. After studying the Report and after going through his speeches and taking into consideration what he has submitted to the House just now, the question arises: why so much bungling, why all this messing, why all this waste? One gets baffled because one comes to the conclusion, as I said earlier, that with a little more of care, a little more devotion and a little more

diligence, much waste could have been avoided and far more and greater results could have been achieved.

Slowly, when I ask myself this question why all this bungling and waste, a picture begins to emerge. I do not know how to put it. After asking myself again and again why all this has been allowed to happen, why all this has happened and why all this has transpired, the picture comes up thus. One feels that in spite of all this waste and extravagance of public funds, there is somebody who has been benefited. It is the private sector. Contracts have been given which have appeared to be unconscionable. But the benefit has gone to certain big combines. The picture begins to emerge slowly that in spite of the profession of Government—and I know the unimpeachable loyalty of the Minister to the principle of public ownership—somebody somewhere in the administration has not taken very kindly to public enterprise. And often one gets the impression that there is a determination to discredit public enterprise. How else do you interpret, how else do you understand all this waste when repeatedly poignant references were made and attention was drawn in this House?

But it is not enough to make such a serious charge that there is a conspiracy to break and discredit public enterprise. I shall substantiate to the very hilt what I have just now submitted to you. Take the example of the two firms in the private industry, TISCO and IISCO—the Tata Iron and Steel Company and the Indian Iron and Steel Company. Together, these two companies—and I am not against giving them adequate help, reasonable help, all the help we can give to bring about their expansion; I am not against it—had assistance to the tune of Rs. 100 crores, not direct loans, but some loans and some guarantees. But the sum total of the assistance made available to these two private companies was Rs. 100 crores. Contrast with this the sheer starvation for funds

[Shri Nath Pai]

of the Bhadravati Iron and Steel Works in Mysore. The pretext has been made that they do not have what? A Corporation. Why should this nominal thing be allowed to come in the way of giving funds which they needed? Is it because one is owned by public enterprise and these two, to which were made available all the funds they needed, they are owned by private enterprise?

This is not enough. There is something more, much more, serious. In this House, we had asked how much was outstanding from these private firms. We were told that a colossal sum of Rs. 17 crores is due from *TISCO* and *HISCO*—to the Steel Equalisation Fund. Sardar Swaran Singh has tried to give some reply, but I am afraid it is totally unconvincing. Even the sum that has been agreed to as due has not been paid already. He agreed that Rs. 8 crores have been agreed as due to us. We must bear in mind that these funds in the possession of these two companies are a trust. They tell us that their economic conditions are bad today. That is all the more reason why trust money should be paid back to Government. It is trust money that these companies have collected, and this money must be returned when we demand it.

In the meanwhile, what is the result, as the Auditor General points out, of this extraordinary leniency shown? We know how the bailiff extorts the last pie from the ordinary debtor to the Government, but here Rs. 17 crores are outstanding and nothing is done. We are allowed to hear again and again the plea of these two companies that there is a dispute. What is the dispute? The Auditor General will point out that these sums are due and they have got to be settled—except that there is somebody who will not lift his small finger against these private companies.

There is again the indisputable figure of Rs. 1.50 crores. There is the

calculation, and there is the actual payment for transport of steel. We have now found that these two firms owe us Rs. 1:50 crores. Once again I am quoting the Auditor General, not fictitious figures. Nothing has been done.

What is the result of all this? As a result of all this, Rs. 18 crores or more money is due from these two private companies, money due, I say, in all conscience, which must be paid at the earliest instant. The nation continue to lose Rs. 35,000—Rs. 38,000 every day as interest. Whenever we come and make a plea on behalf of the under-paid staff we are told that there is no money. But here is money going for anybody who wants it.

15 hrs.

Shrimati Renu Chakravartty (Basirhat): No interest.

Shri Nath Pai: That is why I said that as a result we are losing to the tune of Rs. 35,000 to Rs. 38,000.

Shrimati Renu Chakravartty: How much is the H.P.L. being charged? (Interruptions).

Shri Nath Pai: I would say that this is another example of scuttling of private enterprise. We have the Hochtief Gammon Co., a German company. No satisfactory explanation has been given as to why whenever the company asked advances were made available. It is not the normal practice to do. But it is something else. Of course, it is a private company and how can we be cruel to them? They must be helped out of all their difficulties.

There is another interesting chapter to which he will reply for which time has been reserved. I am trying to draw the attention of the House to page 34 of this Report. It is said:

"Further, if the contractor completes the work prior to 36th

September 1960 he shall be paid a bonus equivalent to Rs. 2,00,000 for every complete month by which the actual completion of the work precedes the 30th September, 1960"

Indeed a great incentive! After all we are having mixed economy and incentives must be held out to private enterprise I understand that. But, what about the penalty? If he completes it before time you are going to give him a bonus of Rs. 2 lakhs. And, what if he failed? Where is the penalty? This is extraordinary that we allow such clauses to come into that

There are other things to which I shall now pay my attention Last time I had asked him a question And, though he was very generous—I say most amiable, very characteristic of the Minister—he never gave any satisfactory reply about the Rs. 14 crores paid to what is called the ISCON in London

#### An Hon. Member. Services

Shri Nath Pai: Services, they were called I had cited chapter and verse as to how this cannot be termed as services No explanation was given And, now I turn to that once again with your permission There is an interesting feature about this firm This is a consortium of 18 firms In the first place, why was there a necessity for that? Is it not much easier for us, for the H S Ltd., to deal with the companies individually than with this consortium? And, what is the capital of this consortium? I would like to ask this once again Perhaps they have not learnt any lesson from the jeep case The jeep case does not seem to be a kind of warning to some; but it seems to some people to be a model When we can directly deal with the members, the consortium is created I should like him to state what is the capital and who will pay if something goes wrong

We are told that it had to be created because Britain was going to help that Money was not going to come from this consortium It will be of interest to the House to know that the Rs 25 crores of help which was to come was to come from Lazard Brothers and the United Kingdom Government and not from this consortium

We have been paying fees, technical fees Is there some meaning in that. Shri Swaran Singhji will grant to me one thing that I never drop inuendoes or accuse others unless I am fully sure that something must be wrong We would like to be convinced You must remove our doubts

Who is the Chairman of ISCON? If I am not wrong, I think, it is Sir Cecil John Who is Sir Cecil John? Sir Cecil John happened to be the Finance Secretary of the Government of India who retired in 1947. Shall I be doing any injustice to anybody if I say that the greatest fraternity in the world is the Indian Civil Service in which alone the sense of loyalty remains strongest if at all it can be found in any brotherhood or anywhere else?

An Hon Member: Almost a Masonic Lodge

Shri Nath Pai: We have been paying huge exorbitant fees to them as consultants It may be not very good but still we have consultants in the country The Estimates Committee points it out I would like in all earnestness to propose to him to scrap this international construction company Now, we paid Rs 8 crores and what a mess we landed ourselves in. What did they get? At every stage we were told that this was wrong, the estimate was wrong, that calculation was wrong This was not calculated, this was not included, this was overlooked, this was ignored and they have been giving all these lame excuses We have paid Rs. 8 crores and there is a scathing chapter about it in this Report.

[Shri Nath Pai]

There is another thing to which I would like to draw his attention. I had in my last speech talked about these fabulous carpenters from Germany. Shri Swaran Singhji wanted us to be fair and not to ridicule these things I entirely endorse his statement. If we need foreign experts we should not be grudging giving them handsome pay

Of course, as an Indian living among carpenters, I was boggled at the very figure of Rs 5,000. There are very significant factors which I would like to emphasise today I can say that the German companies of G H H and John Schaefer between themselves were making Rs 1,100 as commission for every carpenter every month. We were paying Rs 5,000. But, it has never been told to the House that these two firms, between themselves were taking Rs 1,100 per carpenter per month. It comes to Rs 4 lakhs and a little more per year. We had spent on this account Rs 21 lakhs on the whole. The company was paid everything for their travel and other allowances but still from the salaries this is how the commission was deducted.

There is another thing. In this connection we have got to say something about Udham Singh Duggal and Sons. We were told by the Minister that the lowest bid was Rs 30 lakhs lower. Very good, and that is a good consideration for giving contract. I do not want to go into the other considerations at all. But, I should like to know this. When we asked why a particular contract was given, we were told that it was the lowest tender. We asked because that particular firm was censured by the Public Accounts Committee of Punjab. When we asked this we were told, apart from other things—of course the report was not available and I should be fair—that the reason was that it was the lowest and the best tender. Very good. When we ask for an explanation you say that you gave because they were lower by Rs 3 million. Then, what

happened. On page 1581 of the Lok Sabha Debates you find this:

"In addition to the expenditure on account of these foreign technicians, the company had to bear the extra expenditure on account of timber for shuttering and to pay a ways and means advance. The extra expenditure for shuttering was due to the contractor under-estimating the cost originally."

We gave him a contract because his was the best tender. And, then, by the backdoor we give him more. You once tell us that it was the lowest tender and then start giving him more because he has failed to estimate properly. Where is the sanctity of contract and where is the justification? Here you have given lakhs more for shuttering. I have nothing against any individual who cannot perhaps come to this House.

There is another interesting thing in explanation of this as to why they were brought. Shri Swaran Singhji said in the House—and I am quoting him all the time—this. The Minister for whose integrity I have got the highest regard said this:

Shri Feroze Gandhi (Rai Bareilly) Is it corrected or uncorrected?

Shri Hem Barua (Gauhati) This is corrected very much.

Shri Nath Pai: This has been supplied to us. This is the explanation given, as to why they were brought here at all.

"By the middle of 1957, the contractor had fallen behind schedule; and even providing for some improvement and acceleration in the progress of the work as more equipment arrived at site, it was felt that the contractor would be behind schedule. . ."

Sardar Swaran Singhji tells us here—a Minister of the Cabinet rank tells

as here the Lok Sabha. There was something behind schedule; the work was lagging behind and that is why we brought them here.

But here is a certificate given on the 7th January by Mr. Ganapati, Resident Director of the Hindustan Steel Private Ltd., about Udham Singh Duggal. The Minister is complaining of unsatisfactory work and saying that the foreign carpenters were brought on account of that; and here is the Resident Director giving a certificate to Messrs. Udham Singh Duggal. He says that their work was up to date and quite satisfactory and has not resulted in any delay in the erection of the various items of the plant.

**Shri Naushik Bharucha:** Where do you get that from?

**Shri Nath Pai:** This has got to be stopped. This House is entitled to know the truth. How often it has happened that we get contradictory explanations! When we asked the reason we were told that this was the reason; and here is a thing which runs absolutely contrary to that, which contradicts in every term what the Minister told us. The Minister says that by the middle of 1957 the contractor failed and lagged behind the schedule and even providing for some improvement and acceleration in the progress of the work he would be behind schedule. That is what the Minister told the House. But the man on the spot speaks to the country and gives a certificate to the man concerned. This is very bewildering. But in fairness . . .

**Mr. Chairman:** You may file the letter.

**Shri Nath Pai:** Yes, Sir, if you like. It has been circulated to all Members, I think.

**Mr. Chairman:** Then you may refer to the page. *(Interruptions)*.

**An Hon. Member:** That Ganapathy should be asked . . . *(Interruptions)*

**Shri Nath Pai:** I hope that he will realise that in fairness to the House and the country the true picture should be presented and not this kind of mutually contradictory statements. We are entitled to know the truth. There may be a mistake which can be rectified but it must be a clear admission of a mistake and it must be told to this House.

I shall come to another thing and that is about the bungling about planning. It hurts me to accuse because I know those people cannot come here and perhaps they would think that we are irresponsible and unfair. But we have weighed the words before we use them; we fully weigh them before we say them. I do not want to use the immunity which goes to the Members of Parliament in attacking the people who could not come before this House. We are in a way invulnerable. Before proceeding, I was saying how the planning was inept. The Estimates Committee points out how there has been a bungling right from the beginning. In 1952 we appointed a committee called the technical commission. They give an estimate. Within two years that estimate had to be proved wrong by five times. That means they under-estimate it five times. That estimate had to be multiplied five times to get near the actuals. Is this planning for which we are having a Planning Commission paying exorbitant fees of crores of rupees? Take another example. I will be citing some interesting things. We want machinery and it arrives at Vizagapatam. But there is no way to unload it and no provision is made for it. No cranes are thought of. What happens? We pay a demurrage of Rs. 57 lakhs. Every sentence is pregnant with a few millions of the nation's losses. In every sentence it is shown how much was lost. It could have been done. It was done in the end. The unloading facilities at the Vishakhapatnam were improved and the cranes were improved. But it was never thought of in advance. Therefore, we had to pay.

[Shri Nath Pai]

Take another instance—the site shifting at Rourkela and how much we paid for this folly as it was not properly supervised. We paid Rs. 200 lakhs. For every single mistake, the nation has to pay through its nose. We do not want the white-washing type of explanations. There is enough evidence and the Committee points out how these things could have been avoided. There is this thing again—planning going wrong. I do not know. There is a pathetic faith in the omniscience of our civil service. It is lamentable that those who always questioned it and challenged it should continue to display this faith in it. I want to ask: how on earth these mistakes would be avoidable if we continue to entrust people who are just administrators? As administrators there are many of them whom we have got to accept as of the highest calibre. But how can they be experts in everything under the sun be it a steel plant or be it anything else? It requires long training and specialised knowledge. No, he belongs to the ICS; who could be better; bring him in and give him the job. That is what they say. This kind of hocuspocus must go.

Now, I would turn to my constructive side in view of the fact that I have taken some time... (Interruptions). That does not mean that what I have said is destructive. It has got to be said.

**Sardar Swaran Singh:** No one has suggested.

**Shri Nath Pai:** If this planning has been done properly what would it have led to? In 1955–57, we imported steel to the tune of Rs. 320 crores. If there had been economy and good planning, steel would have been rolling off our mills in 1954. The report of the Makghbee company had been accepted in 1948–49, we should have taken the job very seriously. But we did not do it. It was too late when we started—like digging the well when the house was on fire. It ought to

have been known that we are going to industrialise this nation. We are not going to remain a feudal country. We want to be abreast of the rest of the world and we want to be a modern nation. Can it be done without steel? Did it require much thinking? There was a ready-made plan for that. Fees were paid to the consultants. We did not do anything about it. What cost does it mean in terms of the tears of the people? Rs. 320 crores and all the other millions of rupees to which I have referred. Do you know what it means? Last year we were told to our shame, humiliation and sadness, what we had to prune our Plan. It hurts us because we want our Plan to be more ambitious and we want our Plan to succeed. We prune that because we do not have money. In one year, we could have saved this money had we been more vigilant. This is the foreign exchange that we had been paying because of these kinds of delays, bungling and messing. Then we would have never been compelled to prune our Plan if we had been careful, and vigorous and dedicated in the implementation of this. I have to say these things. It pains us to make this criticism. I suspect that no full loyalty is being given. It is no good thing to say that. But why should these things be happening again and again when the Public Accounts Committee, this House and the Estimates Committee point to them how these things can be done and how these mistakes can be avoided. We can avoid these mistakes if we followed certain things. You followed one of the suggestions of the Estimates Committee this morning by opening the debate. It is one of their suggestions that the Minister should make a statement and then the debate should follow. There are 135 in the latest report. I hope that some of them at least will have the good luck of being seriously taken into consideration by him.

The Hindustan Steel (Private) Limited's board must be a model. There are other democratic countries which have nationalised some of their

key industries. We can learn something from them. These boards must not be staffed with civil servants only. There can be some civil servants but they must not be staffed fully with them also. Till recently, as admitted by him in reply to a question, the Chairman and Secretary happened to be the same. What happens then? May I point out a sad thing? One of the directors, K. C. Mahendra, imported steel to the tune of Rs. 30 crores. He happened to be a director. Has he got the courage to go to the Secretary of the Ministry every other day for such huge funds in foreign exchange and yet stand up to him? That is what precisely the director is expected to be—to stand there and defend on country's interests. We do not want any more of the civil servants in these national enterprises governing boards of directors. We have enough technicians in the country. We must not depend upon foreign technicians and we must make the maximum use of as much talent as is available in this country. If you are to make mistakes, let our men make them and let us learn through them rather than paying Inter. Const. and other international companies and then suffer for it.

There is another suggestion which I strongly advocate for him—that is the creation of a designing section in the Ministry—of Indians. He knows that it has got to be done but it is being postponed. We, therefore, feel worried about what may happen to the fourth plant. We want an assurance that Indian talent will be associated at every stage of the fourth plant. Let us stumble and let us make these mistakes. These are worth making. They alone will show how to prevent them and avoid them in the future. There should be no foreign association regarding the fourth plant except where it is inevitable, essential or unavoidable, where we could not simply do without them in regard to the technical know-how.

We do need an adequate laboratory better than the one now functioning at Jamshedpur to tell us what is hap-

pening in the field. This has got to be set up as early as possible. He will have to give attention to this task also by making an assessment of the requirements of the engineering industry in the country. That has not been done. Steel will be coming out and we shall absorb it. There may remain something that we shall not need. We shall have to create a machinery for State trading in steel visualising the potential of foreign markets for our steel. These are some of the things I should tell him.

There is one thing which I should like to say before I conclude. He has written a very interesting article which I was very pleased to read in the annual report of the Commerce. We try to see everything he has to say on the subject so that we benefit by it. It is very interesting how nicely we are placed if we make a determined effort. I did cite China last time and I have something to say to-day which is a correction. Sometimes the Ministers do not get the latest reports.

A NAFEN report says that China had retraced the steps with regard to the small furnaces which have appeared there. The report says:

"Peking has issued a directive urging regional authorities to dismantle or give up the numerous primitive furnaces which wasted huge quantities of materials and manpower last year."

The report goes on:

"These experts told NAFEN last week that the native small furnaces cost seven tons of coal on an average to produce one ton of iron while a modern furnace requires only 0·8 ton of coal. Moreover, iron yielded by the native small furnaces contained a considerable percentage of sulphur and phosphorus."

I am citing it because last time it was me who cited with much enthusiasm the example of China and said: "why can't we?" Now that I have other

[Shri Nath Pai]

information, I must place it before the House.

But what can we do in the matter of being a modern steel producing nation? Here is something that can be done. We have 20,000 million tons, of the best types, the highest grades of iron ore. This is almost inexhaustible (Interruption). This has been established already by experts. How do we stand with regard to the location of this wealth? Pittsburgh, one of the relatively well-placed steel centres in the United States—these are the figures of an expert, Mr. Bush—requires 804 ton-miles to get the coal, iron and flux together to make one ton of pig iron. The corresponding figures for Jamshedpur and Burnpur are 334 and 441. The Gray Works in Indiana requires 1,037 ton-miles and the Kaiser Steel Mill in Fontana 1,502 ton-miles. Compare it with our 334 and 441 ton-miles. We, therefore, can come into the world market provided we are careful.

I want him to assure us in one or two things. Some of these contracts need scrutiny and they must be gone into. The consultants' fees must be examined by some experts. A body of Indian consultants must be created as soon as possible. The designing section must be introduced. Let us benefit by the administrative knowledge of our administrators, of our civil service. But so far as these things are concerned, in steel only a steel man must be brought. Even if he is a private enterprise man, bring him, but let him be an expert, let him be an Indian, pay his dues and make him do the job. If you give consideration to these—it was very heartening to hear you say in your speech "we want to benefit from the mistakes of the past"—and if we benefit from the mistakes of the past, before long we will be a major industrialised nation, and I hope which he expressed will soon find implementation in the policies of his Ministry.

Shri T. B. Vittal Rao (Khammam): Mr. Chairman, Sir, this Ministry is one of the very important Ministries, because the industrial development of the country entirely depends on the success achieved by the Ministry. Therefore, the economic development of our country depends upon the progress and the achievements made by the various plants and various undertakings under this Ministry.

Having said that, I would like to refer to coal. Viewed from the targets that we have had in the Second Five Year Plan, the Minister has stated today that we are well set for the achievement of the target in respect of coal. Only a few months ago the Planning Commission in its reappraisal has stated that there will be a shortfall of 3 to 4 million tons in the Public sector. But the Minister says that we are going to achieve this target.

Sir, judging from the performance of the National Coal Development Corporation for the last 3½ years, I am afraid this target in the public sector is not likely to be achieved. I would like to quote only a few figures, because the Minister has already given enough figures. It was laid down that we should raise 10.5 million tons in the public sector—that is, by the National Coal Development Corporation—and 1.5 million tons by the Singareni collieries. What we have raised is a total of 5.8 million tons. In giving the figures the Minister has very nicely said that the additional target that we have achieved is 50 per cent. or so. If we take the additional target, we have to achieve 500 per cent. After three years of the Plan period we have not even achieved 100 per cent of the additional target. That is to say, instead of raising our coal target by five times we have not been even able to double it. Does this performance indicate that we are going to achieve our targets?

The target laid down for coal in the Second Five Year Plan was very

modest, when we compare it with our neighbouring country, China. There it was 130 million tons in 1957 and 270 million tons in 1958. What we find here is that we have raised only two million tons in both the private sector and the public sector put together—this is the additional output.

Therefore, I am afraid that unless and until some effective measures are taken, unless and until some radical changes are brought about in the administration of the National Coal Development Corporation, this target cannot be achieved.

Just now my hon. friend said that Indian Civil Service men are made the directors and managing directors. I would also suggest that there is no need for ICS men to be directors or the managing director of the Coal Development Corporation. The work can be entrusted to technical men. What is happening is, by having ICS people as managing directors, those who are technically qualified—there are three Chief Mechanical Engineers in the NCDC—instead of going to the field and supervising the work of raising coal, exploiting coal and winning coal, they are sitting at Ranchi and spending their time over office files.

**An Hon. Member:** Is the office air-conditioned?

**Shri T. B. Vittal Rao:** Then, Sir, from the point of view of foreign exchange also, being in the core of the Plan we have been successful in getting much of the machinery. For instance, machinery worth about Rs 5 crores has been received out of a total of Rs 13 crores. But in some places the machinery is lying idle. We are told that the sidings are not ready and coal has been laid bare ready for winning at any time. We suggested to the Minister some months ago that instead of waiting for sidings let us move by dumpers which are there without doing any work. There are dozens of dumpers at the coalfields. They can transport

the coal to the railways. But that is not being done. Even a simple thing as this has not been done.

At the Bokaro coalfields there are only two shifts working. We can easily raise more coal by having a third shift there. But we are told that the washing plant is not ready and until and unless the washing plant is brought into commission we cannot have the third shift there. We are again told that the washery should have gone into commission a year ago. It has gone into commission only in November last. But it has not yet caught up its full capacity. 550 tons per hour was the capacity of this washery. I do not know when this is going to be achieved. When we visited the site of work and asked responsible people as to why the washery has not been brought into commission to its full capacity, we were told that even if the coal is washed the steel plants are not ready to receive the coal. Whom are we to believe?

**Shri Jaipal Singh (Ranchi West—Reserved—Sch. Tribes):** Sir, I regret I have to get up. I find that there is no quorum. I think the Ministers at least should be present. The Minister for Planning should be present in the House. The other day Mr. Speaker was pleased to observe that every Ministry should be represented here. If that is the respect that is given to the Chair, I do not know what I should say of this Government. The Minister of Planning should be here. The Minister of Parliamentary Affairs should be here.

**Mr. Chairman:** I am obliged to Shri Jaipal Singh. There is no quorum in the House. The Bell may be rung.

**Shrimati Reena Chakravarty:** May I point out, Sir, that a large number of committees are meeting. We find ourselves in great trouble. Many of our Members are also members in some of the committees. That is why there is no quorum here. I know that two or three committees are sitting now.

**Mr. Chairman:** The rule is very clear. As the hon. Member, Shrimati Renu Chakravarty knows, between 1.30 and 2.30 p.m. we do relax the quorum rule, but the House takes precedence over every Committee. It means so much of loss of money to the country if there is an adjournment. Ours here is the House, and the Committees will have to be so arranged, I think, as not to clash with the House. Priority will have to be given to the House.

**Shrimati Renu Chakravarty:** Thank you. The Minister of Parliamentary Affairs has to take note of this.

**The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha):** What can I do if there is no quorum? I cannot physically bring the Members here.

**Shri Naushir Bharucha (East Khandesh):** Sir, a point of order. The hon. Minister of Parliamentary Affairs says what can he do if there is no quorum. May I point out that it is the constitutional responsibility of the party in power to see that there is always quorum maintained in the House.

**Shri Satya Narayan Sinha:** We have been trying our level best, but physically I cannot bring them in.

**Shri Naushir Bharucha:** You cannot shirk your responsibility.

**Mr. Chairman:** Fortunately, quorum is now restored. It is not very edifying for the House and for the representatives of the people to say that we are not able to meet here in sufficient numbers. It is a great trust we owe to the people at large.

What Shrimati Renu Chakravarty complained was that there are a number of committees meeting now which clash with the House. Perhaps the Minister did not hear that. She Lopes,—and I agree with that—and I think that many Committee meetings should not be held at the time when the House is on.

**Shri T. B. Vittal Rao:** I was drawing the attention of the House to the capital requirements of coal. It was said by the experts committee that Rs 30 to Rs 40 has to be invested if we have to raise one ton of coal. But suddenly I find that the capital requirements of the NCDC have risen to Rs 60 a ton. That really shows that this sudden rise by 200 per cent. has to be looked into. Two years ago, I read from the report of the Committee for the Amalgamation of Small Collieries that we have got in our country about 400 collieries which raise coal to an extent of less than 10,000 tons per month. It was suggested by that Committee that efforts should be made to see that the small coal mines are amalgamated, and that if voluntary measures are not successful, legislation should be undertaken. Two years have passed, but there is no trace of any legislation coming. Every time when we ask about it, we are told that legislation is in the drafting stage, and I do not know when that Bill will be introduced.

I now come to the report of the Coal Prices Revision Committee. Two years ago, this Committee was appointed. Now, up to this day, we have not known when that report in respect of all the coal mines will be submitted. We are only told that the Coal Price Revision Committee has submitted its report concerning Bihar-Bengal and outlying parts. This is a very important point, because, in the year 1957, when the coal prices were raised to Rs 1/8 a ton, to implement the decision of the Labour Appellate Tribunal, the Government did not also consider the price structure of the coal industry properly. In the award of the Labour Appellate Tribunal, it was clearly stated that "this additional burden which we are placing on the industry could easily be met from the profits". It was stated like that in the award of the tribunal which was presided over by an eminent judge, Shri Jhjeebhoy. But the Government said, "All right;

we give you an increase, and in the meantime appoint a committee so that the whole thing can be reviewed" But after that, there has been an increase given on two occasions. On one occasion, it was 12 annas a ton, and on another occasion it was reduced. Even while giving the increase of 12 annas a ton, there was an additional dearness allowance that had to be paid to the coal workers numbering about three lakhs. Once it has been 12 annas per ton. Then, it was reduced to six annas to seven annas. This was not justified. There has been an upward revision of the price of coal three times. This is a controlled industry. But then, if the report had come earlier, all this controversy would not have been there.

Now, we hear from the President of the Indian Mining Federation and the Indian Mining Association that the coal industry is in a bad state of affairs because the report of the Coal Prices Revision Committee has not yet been made public. What does it mean? This means that to cover up the inefficiency in achieving the target, they are throwing the blame on the Government. This should be borne in mind and an expeditious decision should be taken. I do not understand why we cannot take a decision at least in regard to the Bihar-Bengal coalfields which produce 80 per cent of coal in the country. If that is settled, the other coalfields' question could be settled a little later.

Last year or the year before last the hon. Minister said that the question of the price of coal, that is, the question of having a uniform price for coal at different railheads or the destination is under the consideration of the Government, and that they are waiting for the report of the Railway Freight Structure Enquiry Committee and the Rail-Sea Co-ordination Committee's report. Suddenly it has been given up. The recommendation made by the Estimates Committee was that the Government should consider having a uniform price at different

railheads for coal. But today what we find is that the recommendation made by the Committee has not been implemented. We are not given sufficient reasons also why that could not be implemented. We are simply told that the proposal has been dropped.

Then, recently, we had a report where it is stated that in this country there is a shortage of metallurgical coal. Our reserves of metallurgical coal which we require for our steel plants is very low and it is necessary that we should conserve as much as possible our reserves of metallurgical coal at least for these steel plants. What do we find? We observe at Kathras in a recently opened coal mine, metallurgical coal has been diverted for the use of the railways. That shows that because they have raised coal, because the washery is not able to function fully, this coal has been diverted. That also means that our policy of pegging the raising of metallurgical coal has not been done and we seem to depend more on expediency in regard to this matter.

I want to say a few words about the working of the Coal Board. What an enormous time this Coal Board takes in the disposal of applications for stowing? This is fund raised from the consumers, and is being maintained for stowing purposes. For the disposal of these applications sometimes it requires one to two years. I have known of a colliery where the applications for stowing was kept pending and some minor details were again asked for in order to cover up the delay in the sanctioning of stowing. This shows the working of the Coal Board is not satisfactory as is the working of the National Coal Development Corporation. Something must be done to rectify these things. Otherwise, the raising of coal will be largely hampered if applications for stowing are not sanctioned quickly and stowing undertaken urgently.

[Shri T. B. Vittal Rao]

We are told that in Assam a large quantity of metallurgical coal is available and that is being used for other purposes. It cannot be used for metallurgical purposes because of its high sulphur content. I would like the Ministry to see whether by some process of washing, the sulphur could be removed and the coal used for metallurgical purposes.

With regard to staff matters in the National Coal Development Corporation, I would like to say that even though the National Coal Development Corporation has got large sums of money, it has not done much for housing the workers. Even to this day, the workers in the mines live in quarters which are unfit for human habitation. Secondly, the coal mine workers' union, which has got a good number of workers in its rolls, is not recognised whereas two other unions, which do not have a majority of workers, are recognised. I would appeal to the hon. Minister to see that this Coal Workers' Union is also recognised, because there should not be any discrimination. This union has got a larger percentage of members than the other two unions recognised by the Ministry.

About steel, I will only refer to the retention prices paid to the Tatas and IISCO. In the end of 1955 or the beginning of 1956, the retention price allowed to these two steel plants was Rs. 393 per ton. Suddenly, within the course of a year and a half, it was raised to Rs. 405 per ton. Then again after a few months it has been raised. Tatas were being given interest-free loan. When the retention price for 1956 was fixed, it was made quite plain to them that they should spend this extra amount for some of the developmental work. Not only that, an additional Rs. 20 per ton has been given. They say, this is to cover up some sales tax and other excise duties. You are allowing Tatas so many concessions, whereas in a public sector coal mine like the

Singareni, you have delayed assistance for three years. In the case of Bhadravati, you have asked them to form a corporation. But Singareni is a company managed by the State Government and you have delayed for three years, with the result that additional coal production which would have meant so much to the south of Singareni and to South India has been hampered. Luckily, there was a bank which could give Rs. 1 crore as loan and so, they could at least keep up to the targets for 1958-59. So, why this discriminatory treatment? Even if Bhadravati does not form itself into a corporation, you can give loans to them, just as you have given loan to the Tatas, and help the development of Bhadravati, without insisting on a corporation.

I have got to say a few words about the Indian Bureau of Mines and the Geological Survey of India. One of the gold mines in Kolar Gold Fields is going to be closed down. They have been carrying out geological survey for a very long time in this area for finding out gold-bearing areas. The other day, I was told that they were not able to undertake drilling operations, because there are no drills available. Here one of the mines is going to be closed down. Detailed prospecting is required, but there are no drills available. I know of certain areas where they urgently require drills and they are not made available. Something should be done for strengthening the staff of the Geological Survey of India.

For the Indian Bureau of Mines also, which is carrying on a very important task, there should be efficient staff. For instance, even for the post of Director of the Indian Bureau of Mines, the U.P.S.C. called for candidates. The whole thing went on for two years. I do not know why we have not been able to get a very capable eminent Director to man the Indian Bureau of Mines. Several candidates came and they were not

selected. Suddenly, the man who was officiating was made permanent.

**An Hon. Member:** That is why they delayed it.

**Shri T. B. Vittal Rao:** A few years ago, when I talked about the price of petroleum products, our present Minister for Steel, Mines and Fuel who was then in charge of Works, Housing and Supply, said, "there is no need to undertake any study" That was four years ago I am glad that now at least a Chief Accounts Officer is going into the price of petroleum products, and to see if they can be reduced We know that they have been making enormous profits We are told in this very House that they make profits to the tune of 300 per cent or so

Regarding the Indo-Stanvac venture, they have been given a concession of 10,000 square miles They have drilled five wells, but there is no trace of oil Today for this project we have contributed Rs 12 crores and without any results I do not know why we should spend so much in this joint venture and get nothing In Jwalamukhi and other places, we have been able to get something Why should we work in conjunction with these people? I think this concession of 10,000 square miles that has been given to them should be withdrawn from the Stanvac and it should be taken up by the public sector itself

**Mr Chairman,** you happen to be the Chairman of the Neyveli Lignite Corporation The Minister said it is working to schedule but this is the completion of the third year of the second Plan period and we have removed only to the extent of 5 million cubic yards, whereas the target is 27 million If this is the progress, I do not know how we will be able to achieve our targets and prepare the draft outline for the Third Five Year Plan. What is it which has been preventing progress in Neyveli? On this lignite depend the thermal plant,

fertiliser plant, briquetting, providing for domestic fuel etc All these are inter-dependent Why is it that progress in Neyveli is getting delayed?

The consultants who have been appointed have no knowledge of working lignite mines at all The countries which produce lignite are East Germany, West Germany and to some extent U.S.A No consultant has been chosen from these countries But the consultant there is from U.K, who has no experience of lignite mining at all This is how things are going on, with the result that today our whole programme of development of lignite is lagging far behind the schedule

I am very glad a team has been sent to China to find out the possibilities of setting up small steel plants. In China, I believe within the course of a few years, they have been able to produce 10 million tons of steel. This year and next year, I am told they will produce about 18 million tons Here our production target is only 4.5 million tons With a view to dispersal of industries and steel plants, some smaller steel plants may be set up Experiments should be carried out in the low-shaft furnace that has been set up at Jamshedpur. Experiments on coal and iron ore available in various parts of the country should be undertaken so that you can have the possibilities of having not the gigantic plants but small plants

Then coming to Bokaro, I am told that the designing office has not been set up, but it is going to be set up in the Hindustan Steel Private Limited Having experience of setting up three steel plants in the public sector and the great expansion plans of the two private sector steel plants, when we have a fourth plant, we should do it entirely by the Indian hands If we are not going to design steel plants after gaining so much experience in the various plants, if we again go in for foreign collaboration for the

[Shri T B Vittal Rao]

fourth plant, it will be most unfortunate. Not only will it be most unfortunate but for those engineers who are working with some zeal in the Indian Steel plants it will act as a disincentive if you go in for foreign collaboration.

Lastly, I would like the Ministry to examine the possibilities of locating an integrated steel plant at Vijayanagaram in Andhra Pradesh. Because, there coal will not be far away from the iron ore mines which are very close. If we can have metallurgical coal for Bhilai, it will not be very difficult to get metallurgical coal transported to Vijayanagaram, which is surrounded by very good iron ore mines. Manganese is also available there in large quantities.

Finally, I would appeal to the Minister that with regard to coal he should not be complacent. I call it complacency because he says 'we will achieve it'. It is only if we take energetic steps from now onwards that we can achieve our target.

Shri Bhanja Deo (Keonjhar) Mr Chairman, it is very gratifying to note that we have achieved at least some concession out of the oil companies. The hon Minister for Mines and Fuel also mentioned it during the budget debate last year. Though we have not fully achieved what we wanted to, that we have made considerable progress is not a small thing, and so we all must congratulate him for the delicate negotiation which he has brought to a successful conclusion.

He has given us a very happy picture no doubt about the find of oil in Cambay and the region thereabout. But I do not know why we are not trying to work the oil areas in Assam in the public sector in places where it has already been proved, side by side with the private sector, instead of depending on the oil finds which are only indicative of

oil. We are not definite as to the quantum of oil which can be exploited to our commercial advantage.

Now I will turn my attention to coal, about which the hon friend before me has already given a vivid picture. We cannot be complacent about the production of coal in the public sector and we should try to regain the foreign markets which we were gradually losing, because Australia is trying to put low-grade coal into the markets like Ceylon, Singapore, Hongkong and other areas which were receiving our coal. If you look at the figures which have been shown in the report on the working of the Ministry, you will find that our exports to the countries which I have already mentioned have dwindled considerably and so it is high time we thought of how to recapture these markets.

Now I turn my attention to the production of manganese ore, which is a great foreign exchange earner for our country. There our export market is to the tune of 21 lakhs tons per year, out of which about 8-9 lakhs tons are of high grade ore, for which there will always be a market because of the lumpy character of this ore. But we must think in terms of the other countries as to how we should prepare our ore for going into the foreign markets by beneficiating those ores, low grade and medium grade, and also by blending. By blending nearly about 20 per cent. of our medium and low grade ore could be pushed into the markets which have recently been purchasing manganese ore from undeveloped countries like South Africa and Brazil. Due to certain advantage they have got over our ore by way of freight and other development facilities, they have been trying to gain the market which was ours. So, we have to think in terms of how best this low grade ore, which is produced

in our country, by beneficiation, could be used for ferro-manganese plants, or by blending could be pushed into the foreign markets. Of course, our Government is entering into a wheat barter deal with America which will help this industry to a considerable extent. But we have to think in terms of long-range development of this industry which is dwindling. As probably the hon. Minister is aware some mines in the area from where I come have already closed down because of the keen competition. Necessary steps have to be taken in pushing the medium and low grade ore which abounds in that area.

Besides what has happened is, there is a fear in the minds of many of the mine-owners about the State Trading Corporation coming into this market like they have come into the iron ore market. That is why many in the private sector are not willing to put up beneficiation plant, and I am sure if they are given adequate assurance they would be able to operate in the private sector side by side with State trading. Then I think many in the industry will be able to put up beneficiation plants. The reason why it will be difficult for State trading to put up beneficiation plants is, first of all, because the grade of ore varies from mine to mine. So, unless they came to a sort of co-operative mining of this particular grade of ore which could be beneficiated from one particular area, it would be very difficult for the public sector to put up big beneficiation plants unless they own the mines in those areas. While we are thinking of co-operative farming and of other things why not we also think of co-operative setting up of these beneficiation plants in areas where they produce a particular grade of ore and which could be beneficiated in that particular plant.

16 hrs.

Then, also to help this industry we have to think in terms of railway freight which has gone up considerably. (A) LSD—7

ably. Though this industry has received some concessions with the doing away of the export duty but that would not be enough for this industry to compete with the foreign markets. So it should be given some concession in respect of railway freight as well as royalty. In some States, besides the royalty there is a high rate of cess on ore produced. In these areas therefore it is not possible for this industry to compete in the foreign markets.

Then we have to think of another aspect which is connected with this industry. When the Industrial Exhibition was on, I went round the Mineral Pavilion. There I was very happy to observe the research and development that our National Metallurgical Institute at Jamshedpur is doing. I was told that they have, under the guidance of Dr. Niyhawan, put up a small pilot plant for the production of electrolyte manganese which, I am told, is a substitute for the use of copper in the production of alloys. This particular electrolyte manganese is at present being produced only in America and with research if it could be developed to produce a substitute for use in the alloy industry it would be worthwhile. It would be desirable if a plant which could produce electrolyte manganese is put up in our country and we also have research as to how best this electrolyte manganese could replace the copper which is used in the alloy industry.

About ferro-manganese plant that has gone into production in our country, I submit that because of the high rate of electricity charges it is not feasible for them to compete in the foreign markets and it is time for us to think whether this particular industry should be given certain rebate as regards electrical charges are concerned so that their cost of production comes down and they are able to compete in the foreign markets.

Now, about the steel plants a lot have been said and my hon. friend, Shri Nath Pai, has very well dealt

[Shri Bhanja Deo]

with the matter that is, about the findings of the Estimates Committee and how due to certain bungling on our part or lack of vision on our part in the beginning we have lost a considerable amount of money as well as we could have saved a lot of money on the import of iron ore from foreign countries. It is gratifying no doubt that the steel plants have gone into production but at the same time we must from now onwards think in terms of utilising our products. In this regard I would like to mention what the Estimates Committee have observed in their Report. Perhaps what is more vital and important is the fact that adequate attention has not been paid to the development of engineering industries for the utilisation of the production of the plant. There is therefore the apprehension that after the three plants which have been started almost simultaneously go into production India may be facing a considerable surplus of pig iron or steel or both. It is not easy to find markets for Indian pig iron and steel unless a condition is put that importers of iron ore from India should also import a certain percentage of pig iron. In this connection, I would deviate to the negotiations that the National Mineral Corporation and the Orissa Mineral Corporation have entered into with Japan for the export of certain iron ore and also whether the very high grade iron ore that we produce at Bailadiah should be exported so that the countries which take this ore will eventually be competitors with our steel and iron market and with the finished products that we produce in the country. So, while making this contract with Japan for the export of two million tons of iron ore would it not also be worthwhile for us to come to some understanding with them so that they also import a certain amount of pig iron that our country will be producing while taking our high grade iron ore for the manufacture of steel and finished products in their country.

The Estimates Committee also has noted that the existing pattern of production and future programme of Bokaro will have the effect of concentrating steel production in one particular area about which the hon. Member, who was speaking just before me, has adequately said. We should think of the dispersal of our steel plants and should also consider whether smaller steel plants, as are being put up in China and Japan, could not be put up in our country like the type of low shaft furnaces.

Regarding the functioning of the Hindustan Steel Limited the Estimates Committee made a very useful suggestion. According to present arrangements, there is a board of directors of the Company which varies in number and consists mostly of officials. The Committee felt that according to the practice obtaining in Great Britain certain qualifications could be laid down for the appointment of persons to the board of directors of companies in the public sector and persons experienced in industry should be appointed to the Board as has been observed by Shri Nath Pai, who spoke before me.

The second suggestion made by the Committee was that the Board of Directors should appoint various committees to look after the different aspects of project work. It suggested the delegation of powers to the General Manager and in effect a decentralisation of authority to give more powers to the men on the spot. Besides, the Hindustan Steels should have the private sector also represented on the board of directors, so that we can have an integrated scheme of production in the country which will do good both to the public as well as to the private sector.

I would like to observe a little about the International Construction Co who are the consultants for the Durgapur steel project. I do not know whether it was wise on our part

to have appointed them as consultants, when for the other steel plants separate consultants had already been appointed.

Now, having finished with steel, I would like to digress a little about the functioning of the Bureau of Mines and the Geological Survey. If we go through their report—I do not want to go deep into it, because I have very little time at my disposal—we find that practically there is duplication of work as regards the survey of the mineral ores. So, we have to consider whether it would not be wise to entrust the Geological Survey with the exploration and finding of the minerals and leave the Bureau to the other activities which have been ascribed to them, because by both trying to overlap each other's functions, they lose considerable time, and not much useful work is being done.

There is just one more point, and I would have done, and that is whether the time has not come for the appointment of a high-powered commission on the development of our mineral resources in the country, and to consider the facts and aspects of their proper development, as is done in the other countries, so that when we have our Third and Fourth Five Year Plans, we can have an integrated mineral development policy in the country, considering all the different aspects which would be conducive to the growth of our mineral resources and also how best we could compete with the foreign markets in the future.

Mr. Chairman: Now, I would call upon Shri Morarka. After him, I shall call Shri A. C. Guha.

The following are the selected cut motions relating to the Demands under the Ministry of Steel, Mines and Fuel which will be treated as having been

moved subject to their being otherwise admissible:—

Demand No.	No. of Cut Motion
81.	928, 930, 931, 937, 1042, 1128, 1129, 1127, 1210, 1211, 1213.
82.	932, 933.
83.	939, 940.
84.	934, 935, 936, 942, 943, 944, 1043, 1044.
130.	1132, 1133, 1134, 1135, 1136, 1137, 1138, 1139, 1140, 1141, 1142, 1143, 1144, 1145, 1146, 1147, 1148, 1149, 1150, 1151.

A list indicating the numbers of selected cut motions will be put up on the Notice Board and will be circulated to Members tonight for their information.

*Need to set up a low temperature carbonisation plant at Kothagudiyam*

Shri T. B. Vittal Rao: I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Need to investigate the possibilities of setting up a steel plant at Vizianagaram, Andhra Pradesh*

Shri T. B. Vittal Rao: I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Delay in the submission of the Report of Coal Price Revision Committee*

Shri T. B. Vittal Rao: I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Delay in the enactment of legislation for the amalgamation of small collieries*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Delay in laying a copy of the Report of Coal Price Revision Committee with regard to Bihar and Bengal Coal fields on the Table of Lok Sabha*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Scarcity of kerosene*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Increase in the price of kerosene*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Price of petroleum products*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Loans granted to Tata Iron and Steel Company*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Loans advanced to Indian Iron and Steel Company*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Increase in the retention price of steel of Tata Iron and Steel Company and Indian Iron and Steel Company.*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Need to undertake a comprehensive geological survey of mineral deposits in Andhra Pradesh*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Geological Survey' be reduced by Rs. 100."

*Delay in carrying out drilling operations in gold bearing areas in Andhra Pradesh and Mysore States*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Geological Survey' be reduced by Rs. 100."

*Need to undertake survey for oil reserves in Kerala*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Exploration of Oil and Natural Gas' be reduced by Rs. 100."

*Necessity to start drilling operation in Cauvery basin for oil*

**Shri T. B. Vittal Rao:** I beg to move:

"That the demand under the head 'Exploration of Oil and Natural Gas' be reduced by Rs. 100."

*Need for stepping up the production of Coal in the Public Sector*

**Shri T. B. Vittal Rao:** I beg to move

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Increase in the cost of Steel plants*

**Shri T. B. Vittal Rao:** I beg to move

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Working of the Neyveli Lignite Corporation*

**Shri T. B. Vittal Rao** I beg to move

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Need for upward revision of target for Singareni Collieries*

**Shri T. B. Vittal Rao:** I beg to move

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Question of recognition of Coal Workers' Union by National Coal Development Corporation*

**Shri T. B. Vittal Rao:** I beg to move.

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100."

*Appointment of officers in Coal Washery, Kargali*

**Shri T. B. Vittal Rao:** I beg to move

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Wages of the overburden workers at Kargali and Bokaro coal-fields*

**Shri T. B. Vittal Rao:** I beg to move

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Need to beneficiate Assam coal to remove its sulphur content*

**Shri T. B. Vittal Rao:** I beg to move

"That the demand under the head 'Miscellaneous Departments and other Expenditure under the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Unsatisfactory method of associating Indian personnel in the Durgapur steel plant*

**Shrimati Renu Chakravarty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Way of proceeding with Alloy and Tool Steel Plant*

**Shrimati Renu Chakravarty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100"

**Expansion programme of Bhadravati Iron and Steel Works**

**Shrimati Benu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

**Progress in prospecting for ores needed for steel plants**

**Shrimati Benu Chakravartty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

**Loans given or underwritten by Government to the Indian Iron and Steel Company, Jamshedpur**

**Shrimati Benu Chakravartty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

**Progress of housing in Rourkela, Bhilai and Durgapur**

**Shrimati Benu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

**Conditions prevailing in the Gua ore mines which will supply steel plants**

**Shrimati Benu Chakravartty:** I beg to move.

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

**Conditions of production in iron ore mines**

**Shrimati Benu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the

Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

**State trading in iron ore resulting in the closure of several mines**

**Shrimati Benu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

**Difficulties faced by apprentices of the Hindustan Steel Private Limited**

**Shrimati Benu Chakravartty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

**Grey Iron Foundry, Rourkela**

**Shrimati Benu Chakravartty:** I beg to move.

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

**Contracts made by the Hindustan Steel Private Limited**

**Shrimati Benu Chakravartty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

**Durgapur blast furnace**

**Shrimati Benu Chakravartty.** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

**Priorities in stages of construction at Durgapur**

**Shrimati Benu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the

Ministry of Steel, Mines and Fuel' be reduced by Rs. 100."

*Progress of coal washeries*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Agreements with foreign countries on Rourkela, Bhilai and Durgapur Steel Projects*

**Shrimati Renu Chakravartty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Manner in which foreign consultancy should be secured for steel projects*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

*Need to appoint Indian consultants to advise the Government on steel projects*

**Shrimati Renu Chakravartty:** I beg to move

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

*Progress of the Design Organisation*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs. 100 "

*Question of training, employment and utilisation of Indian engineering talent for the steel plants*

**Shrimati Renu Chakravartty:** I beg to move:

"That the demand under the head 'Capital Outlay of the Ministry of Steel, Mines and Fuel' be reduced by Rs 100 "

**Mr. Chairman:** These cut motions are now before the House

**Shri Morarka (Jhunjhumu):** I am happy to be allowed to take part in the debate on the Demands for Grants of this Ministry, which, according to me, is one of the most important Ministries from the point of view of the economic development of this country in general, and from the point of view of the development of the public sector in particular.

This Ministry has under its control ten corporations, some of which are the biggest in this country. As a matter of fact, the main activities of this Ministry are carried on through the medium of these corporations, and each of these corporations deals in crores of rupees, and, therefore, it would not be improper if one were to describe this Ministry as the Ministry of Corporations and Crores. Though the Ministry is young in age, and was born only on 7th April, 1957, yet this is one Ministry which makes the largest demands on the public finances

This Ministry has a special place in the national economy as it controls the exploration, production and refining of oil, production and washing of coal, manufacture, export and import of steel, and also the exploitation of mineral resources

I shall divide my speech into three parts, in the first part, I wish briefly to point out the achievements of this Ministry. In the second part, I would like to point out some of the weaknesses of this Ministry. And in the

[Shri Morarka]

third part, I would like to make some comments on the actual Demands for Grants of this Ministry

**Shri Nath Pal:** Concentrate on the second

**Shri Morarka:** From the point of view of performance and achievements it must be admitted that this financial year which ends tomorrow has been a remarkable year for this Ministry

16.16 hrs

[SHRI BARMAN *in the Chair*]

The record of progress made by the various projects and schemes under it is not only impressive but would occupy a special place in the economic history of our country. The success which we have achieved in the exploration of oil at Lunej and a promise of a similar success in Jwalamukhi and Hoshiarpur are the guarantees of our economic prosperity in the near future.

The starting of the blast furnaces at Bhilai and Rourkela, and the coke oven plant at Durgapur are again the indications of our becoming self-sufficient and also creating some exportable surplus in a commodity which is in short supply all over the world, namely steel. The progress made by the Neyveli Lignite Corporation and the oil refineries is also not unsatisfactory so far.

Besides this, the efforts of this Ministry in mopping up Rs 10 crores from the petroleum companies and in reducing the prices in the open market for iron and steel and in ensuring better and more even distribution of coal all over the country deserve special mention.

In short, the achievements of this Ministry are apt to strike any impartial observer as a perfect example of what public sector has achieved and what it is capable of achieving. So much about the achievements of this Ministry.

**Shri Nath Pal:** That was more than enough.

**Shri Morarka:** I now come to some of the criticisms.

**Shri Nath Pal:** Please do so quickly.

**Shri Satya Narayan Sinha:** There comes the rub.

**Shri Morarka:** The first point I want to make in my criticism is about the estimates. The hon. Minister gave us last year the figure of Rs 559 crores as the final figure of the cost of these three steel plants, including the township and the ancillaries. As against this estimate the exact position is that by the year ending March, 1958, we spent Rs 172 crores, and by the year that would end tomorrow, we would have spent another Rs 195 crores, making a total of Rs 367 crores. The hon. Minister has told us just now that he is providing Rs 122 crores for the next year. The total of all this comes to about Rs 490 crores, which would leave about Rs 69 crores to play about for the future years.

Now, out of Rs 120 crores, earmarked for the townships and the ancillaries, we have so far spent only about Rs 60 crores. So, out of this sum of Rs 69 crores, a major portion will have to be spent on this township and ancillaries. What does this mean? This means that either our steel plants would be ready by the end of the next financial year or that we shall have to revise our estimates. I am afraid that the second thing is likely to happen more than the first, because I have two examples before me which indicate that the expenditure on these plants has gone much beyond even the revised estimates.

The first example is in regard to the civil engineering work in the steel melting shop at Rourkela. The revised estimate for this work was Rs 40 lakhs. The payments already made on this account are about Rs 70 lakhs, and at least Rs 40 to 45 lakhs more will have to be paid. That means that

this work is going to cost us about Rs. 110 to 115 lakhs as against the revised estimate of Rs. 40 lakhs.

Take another example, and that is at Durgapur. The hon. Minister speaking this afternoon made a passing reference to this. This is about the piling work at Durgapur. I have with me a statement which appeared this morning in the *Times of India*. This matter, which the hon. Minister passed over so casually, if I may say so, is a very serious matter.

Our contractors in this Durgapur plant, namely, the Indian Steel Construction Co., known as ISCON, and our consultants, namely, the International Construction Co., are both British firms. My hon. friend from Rajapur who opened this debate wanted to know what the capital of this company was. Would you be surprised to know that the capital of ISCON IS £100—one hundred pounds?

Shri Nath Pai: That does not matter. Whom do you hold responsible?

Shri Morarka: And with this company with £100 of capital we have placed an order for a hundred million pounds. A company with a paid up capital of £100 has been given a contract, and orders have been placed with it, worth £100 million. Not only this. But huge amounts by way of advances are paid to this company. It would be poor consolation to the House to know that the shareholders of this company are very eminent people, are very big companies. After all, the liability of the shareholders is limited to the impressive sum of £100.

The point is this. The consultants there are acting on our behalf. It is their duty to examine whether the work is properly executed or not, and it is only after they are satisfied that the work is properly executed that they are supposed to issue a certificate, on the basis of which payment is made. Here, what has happened is

this. Not only in the first instance are wrong and false bills prepared indicating work which they never did as work having been completed, but even our consultants, the world famous firm of International Construction Co., has certified these bills as correct.

There is a publication in today's *Times of India*. Before this, the same news appeared in some other paper also, to which reference is made here. The complaint is about the piling work and foundation work, which, as you know, goes down into the earth, and it is very difficult to check every pile that you have piled into the bowels of the earth, to see whether the work is properly done or not. The statement issued by this company in the *Times of India* to-day, itself says:

"Early in February, 1959 a small number of defective piles was discovered in an area of the melting shop. As a result, an intensive investigation was immediately put in hand. It was found, due to bad workmanship, a few piles in a small localised area of the melting shop had not been suuk in such a manner as to carry the required loads."

I do not want to use very harsh words, but if the same thing was done ordinarily by Indian contractors and the bills were paid like this, I am sure they would be charged with cheating and fraud. Why did our consultants to whom we pay crores of rupees certify these wrong bills, and how, in the first instance, did this company, supposed to be composed of such world famous firms, make such false claims and get them passed through our consultants? This is one point which I would like to make because I feel that it is payments of this type which raise our estimates from time to time.

The next point I want to make is about the consultants. We have spent a sum of Rs. 10 crores on foreign consultants, and the advice we got in exchange for that Rs. 10 crores has

[Shri Morarka]

not been very sound. On every score we had to make changes. The site had to be changed, the estimates had to be revised, the specifications of plant and machinery had to be changed, and even the time-schedule was out. We would have the plants ready but the mines could not be ready; the water supply system has not yet been finalised. Limestone will have to come from 500 miles distance. The worst part of it is that some of these consultants are themselves the contractors, equipment suppliers and have conflicting interests in these contracts. I do not say that they have done anything wrong. But the most elementary principle of business ethics is 'do not have a person with conflicting interests in the same contract'. His advice cannot be objective and it may therefore be not necessarily in the best interests of the concern.

Now a word about the contracts. It is difficult to deal with any individual contract as the time at my disposal is necessarily limited. But I would here like to read a passage from the report of the Auditor General. He says:

"It was noticed in particular that in Rourkela planning was defective and phasing up of programme uneconomic and unimaginative, involving the company in avoidable financial expenditure. Similarly, some of the contracts were unreasonably weighted in favour of the contractors and the suppliers. Ordinary prudence was not exercised to safeguard the financial interests of the company".

Then he goes on to give examples. I think this is a very poor certificate for the managers of this company from the Auditor General who is supposed to be the custodian of public finances.

Similarly, the Estimates Committee says:

"In view of the foregoing, it appears to the Committee that as a

result of the provisions of the contract, considerable avoidable expenditure would be incurred, adding to the cost of the project".

Now this is not enough. This is not all. The values of contracts which were awarded on the basis of tenders, after firm contracts were entered into, have been increased, and increased not by a few hundred rupees but by 1400 per cent. An original contract for Rs. 3 lakhs was later on increased to Rs. 42 lakhs. This Estimates Committee has given a complete list of such contracts. Here again, I do not want to say that the work was not sufficient to warrant such increases. But the *modus operandi*, the way these increases are given, is bound to defeat and vitiate the very tender system which is so sacrosanct and on which we rely so much for our public works.

The next point I want to make by way of criticism is about managerial control. The managerial control in Hindustan Steel (P) Limited is very weak. This is a living example of our deep reverence for bureaucracy. The management of the entire Rs. 600 crore project is left in the hands of two or three superannuated government servants.

Shri Braj Raj Singh: They are the real rulers.

Shri Morarka: I have a feeling that had there been a strong managerial cadre in this concern, much of our wastage could have been saved and efficiency in these concerns could have been substantially increased. Today what is the result? What do you find in this company? Complete chaos and anarchy, both in the accounts section and in the management section. I have with me the report which the hon. Minister was pleased to place on the Table a few days ago. Here is a remark in the report of the auditors of this Corporation. It would interest you to know what they say

about the various aspects of management. Have you ever heard of a company issuing shares, allotting shares, making calls on the shares without the board of directors even passing a formal resolution?

**Shri Nanshir Bharucha:** That is also an achievement!

**Shri Morarka:** I wonder who, in the absence of the board of directors, has the authority to issue shares or to ask for the money in lieu of the shares

**Mr Chairman:** The hon Member must conclude

**Shri Morarka:** I would beg of you to give me some time more.

**Mr. Chairman:** Yes; five minutes more

**Shri Morarka:** I was saying that the shares have been issued and even the returns which must be filed with the Registrar of Companies have not been filed. What is the impressive explanation given by the Directors? The Directors say in explanation that these things have since been done. This is no explanation to such serious lapses. These are kinds of offences for which persons can be prosecuted and punished. If this is the standard of management of any company which handles Rs 600 crores, if this is the secretarial supervision which you are going to have, then God help us

Now, I would like to read a passage from the same report about the accountancy system. In this they say that this company has not got an adequate system of accountancy. The system which they have is not suitable for a type of work that this company is executing. They make a grievance that even in the last year's report they drew the attention but still nothing has been done. And they feel aggrieved that this type of thing cannot go on for an indefinite period of time and they want something should be done rather urgently

Before I come to the next point, may I draw your attention to page 39 of this Report? It has a schedule of assets. In that what do we find? I would refer only to one item and that is about motor vehicles. During the year, motor vehicles worth Rs 57,25,000 have been purchased. This company had already motor vehicles worth Rs 15,45,000 to which they added another fleet worth Rs. 57,25,000 making a total of Rs 72,70,000 (*Interruptions*). This is important because.....

**An Hon. Member:** Trucks or motor cars?

**Shri Morarka:** Motor vehicles is the description given. I cannot imagine this company having many trucks and other commercial vehicles because most of the work here is executed by the contractors and other people. Whatever that may be, this requires some explanation. (*Interruption*)

I would like to say something more about the public sector but since you have said that time is running fast, I would like to say a few points about the private sector also because this Ministry is concerned as much with the private sector as with the public sector. My first point is about the retention prices of steel. On the 15th January, 1958, the Government of India asked the Tariff Commission to examine the question of retention prices to the two main producers of steel in the country. The Tariff Commission submitted a report on the basis of which in October 1958, an increase was sanctioned by the Ministry of Steel, Mines and Fuel.

You will note the date. The companies asked for the increase in September-October 1957. The Government of India referred the question in January 1958. The Government decided in October 1958. But the increase was given from April 1955, retrospectively.

I would like to read here a letter which the Government of India wrote

[Shri Morarka]

to the Tariff Commission in this respect It is dated, as I said, 15th January, 1958 The second para of the letter says —

“The requests made by TATAS and IISCO have been carefully considered The Government of India consider that the question whether there should be any revision of the retention prices of steel for the future requires examination by the Tariff Commission in terms of paragraphs ”

It is clearly stated, for the future

In spite of this categorical term of reference, by the Government of India and in spite of the fact that both the companies TISCO and IISCO themselves asked for this only in September-October 1957, the Tariff Commission does award an increase in the retention price from 14-1955 Even the Government of India while accepting the recommendations of the Tariff Commission did not accept them totally They themselves found that the recommendations were defective in a way They say

“The Government of India have given careful consideration to the recommendations of the Tariff Commission In view of the fact that the increase in excise duty on steel ingots came into effect only from the 16th May, 1957, Government of India consider that it would not be appropriate to allow this element in the retention price for periods prior to this date”

The Government of India accepted the argument for the excise duty only The Statement which the Tariff Commission has given indicates that most of the other elements of increase also came into existence much later than the increase in excise duties in September 1957

There is one more fact and that is that the retention prices were already

increased in July, 1957 In spite of that again the Tariff Commission thought it fit to recommend it retrospectively I do not know for what reason The Government accepted the recommendation partially to give retrospective effect It may be innocuous in appearance but if you make actual calculations both these companies—TISCO and IISCO—have got crores of rupees more by way of this retrospective effect This is not the first time the Tariff Commission has done a thing like this The House would recall that in the case of the TELCO also the same generosity was shown by the Tariff Commission in respect of the increase in locomotive price This point requires very careful consideration and the Government should consider whether they should charge the Tariff Commission with a duty of this type It appears that the Tariff Commission is not equipped with the machinery to go into and examine the price structure of these various things

Mr. Chairman. His time is up

Shri Morarka: Please give me a few minutes more (*Interruptions*) I will only mention the major points. I pass on to the next point—about subsidies This Ministry again gives subsidies on the import of steel and the Auditor-General has made some observations which are not very complementary to this Ministry about the position of these subsidy accounts The Auditor-General says this

“During the course of audit of the accounts of the fund it was noticed that about 5,000 cases of ‘advance’ and ‘on account’ payments involving Rs 20 crores approximately made from 1955 to April, 1958 were yet to be finally settled The settlement of these large advance payments (by verifying original invoices and consignees’ receipts) is an important matter, as only such a check will ensure that the steel had

actually been supplied by the importers to authorised consignees at the equalised prices. It was also noticed incidentally that in a large number of cases advance payments had been made by subordinate officials without the approval of the competent authority."

Huge amounts are involved and crores and crores of rupees are given by way of subsidies and the accounts are not maintained properly. The amounts are paid without the permission of the competent authority. The Auditor-General is obliged to make these observations.

Mr Chairman: I may just tell the hon Member that the Auditor-General's observations on the accounts come up before the Public Accounts Committee for scrutiny. He may wait till then.

Shri Morarka: It is a public document and every Member of this House is supplied with the Auditor-General's audit note. You would kindly observe that these things had happened in 1955-1956 and 1957. We waited till 1959 for the Auditor-General's report to come. If you want that the House should wait longer, I have no objection.

Mr Chairman: What I meant to say is that the little time at the disposal of the hon Member may be devoted to new points if he has got any to make. Those points which have been already made or observed by the Auditor-General will come up before the Public Accounts Committee and with their remarks they will come before the House. Therefore, I think he should not spend his time on that. His time is already up. I have given him nearly 30 minutes. I cannot give him any more time.

Shri Morarka: Sir, I will come to the next point. If you look into the Demands for Grants relating to this Ministry you will find that a subsidy is given to the marginal producers of

steel and re-rollers. The budget figure for this year was Rs 1,88,00,000. As against that in the revised estimates we find that the actual amount budgeted is Rs 6 crores and odd. From Rs 1,88,00,000 the figure has gone to Rs 6 crores and odd. How this increase has taken place in this subsidy to marginal producers and re-rollers is a question for which I was anxious to receive some explanation, but in the report of the Ministry or in the Demands for Grants relating to this Ministry we do not find any explanation for that.

Mr. Chairman: He should conclude now.

Shri Morarka: As I told you, Sir, there are many other things—Sir, my mind gets disturbed by interruptions and then I have to recollect what I was saying.

Mr Chairman: You have made many points. I have given you more than half an hour. You should conclude now.

Shri Nath Pal: He is making a very valuable contribution. Normally, Sir, those who sit there go on praising the Minister, but he is making a new departure. We must encourage him.

Shri Morarka: Sir, I find that under one head, namely,

Sardar Swaran Singh: He does not appreciate your compliment.

Shri Morarka: Sir, on page 11, under the heading "Directorate of Oil and Natural Gas" the charges have increased from Rs 1,72,00,000 to Rs 3,38,00,000. Under this, the pay of officers, pay of establishment allowances and honoraria and other charges have increased from Rs 6,24,000 to Rs 1,03,00,000. Rs 6,24,000 is the revised estimate for the current year. As against that the budgeted figure is Rs 1,03,00,000. Here again my grievance is that no explanation is given in this literature which has been supplied to us.

[Shri Morarka]

Now, Sir, before I sit down I would like to make one point, and that is about the fourth steel plant.

Mr. Chairman: I cannot give the hon. Member more than two or three minutes to conclude now.

Shri Morarka: Very well, Sir. The only point I want to make about the fourth steel plant is that even if it means some delay we should wait, but we must not again appoint foreign consultants. We should not place huge orders with foreign companies. We are ourselves going to put up a heavy machinery plant at Ranchi and a heavy electrical equipment plant at Bhopal. We have consultants in this country. I hope the hon. Minister would certainly try to take advantage of this and may like to delay the starting of the work on the fourth plant till we are ourselves in a position to supply the equipment.

Sir, a point was made by my hon. friend, Shri Nath Pai about Messrs. Duggal and Co. I am afraid, Shri Nath Pai has again confused the issue. The point is, these carpenters came from Germany. The carpenters were imported at our instance. The Indian contractors, Messrs. Duggal and Company, according to a certificate which they produced, were not at fault. Then the very pertinent question is as to why the carpenters were brought. Sir, it seems to me quite clear that in order to make these foreign people earn some commission—the G.H.H. & Co., and the Schafers—these carpenters were imported and the Indian contractor was made a scapegoat.

Sir, I want to say only one thing more and that is about the oil refineries. I understand that the site for this oil refinery which was selected initially has been changed now. That has cost us some money. The entire thing has to come again from Rumania. It may be remembered that we spent Rs. 3 crores in this way for a change of site in respect of the

Rourkela plant. Again, history is repeating itself. This thing is happening in a company of which my friend Shri Feroze Gandhi is the Chairman. Just fancy what would not happen then in other corporations where the directors and the chairmen are of weaker personalities.

Then, another thing is that the Oil India Ltd., is a company to which the hon. Minister referred. I am told that it is not playing fair. Now, it is feared that our refinery would be ready but we would not have any oil to refine. Unless something is done in this direction also, things will not show results. I must thank you, Sir, for the indulgence shown to me.

Shri Feroze Gandhi: On a point of clarification. Since my name has been used, as the Chairman of the Corporation, I might clarify the position. The Corporation, as soon as it came into existence, was asked by the Government to select a site for the refineries. The Corporation appointed a very high-powered engineering team together with Rumanian experts who went to Assam and inspected the sites which the Government had asked us to inspect and decide. This expert body to which the officials of the Ministry were also attached went to Assam and decided on the particular site. That is Sillighat. This report was conveyed after approval by the Board of Directors to Government who, for certain technical reasons, decided that this was not a suitable site and that some other site should be selected. The result of this was, as my friend Shri Morarka said, the loss of considerable amount of money, and also, which is more important, considerable delay.

The clarification that I would like to make is this. In so far as the delay in the selection of the site is concerned, the Corporation has no responsibility whatsoever. The Corporation took great care to see that the

finest engineers available in the country where associated with the Rumanian technical experts, and they came to a decision, without any kind of suggestion or anything from the Corporation, itself.

The point is that when the Government decided to reject the advice of the Corporation, which experts did the Government consult before they rejected it. That is an important point, and I hope the Minister will answer that, because my Corporation had the finest team of engineers available in India and the finest experts who were available from Rumania. Their advice was rejected. I want to know the names of the experts whom the Government consulted before they rejected the advice of the Corporation.

Shri Nath Pal: On a point of personal explanation. I was accused of having confused the issue. He has only confirmed what I said. I said that Messrs Gutehoffnungs hofte and Jahn Schafeur together made per year Rs. 4 lakhs of net profit by imposing these carpenters on us. I did not attack anybody, Mr. Duggal or others. If there was any confusion it is in the administration, which I only tried to point out and asked for an explanation.

Shri A. C. Guha (Barasat): Mr. Chairman, I shall mostly confine my remarks to coal, but before going to coal, I would like to make some observations on the steel plants. It is really a great achievement that the two steel plants have started production and the third one also is expected to start production within this year. But there have been serious allegations made on the floor of this House not only once but repeatedly, and today also, though one may not accept all that has been said by Shri Nath Pal or by Shri Morarka, we cannot just ignore them. They did not make any vague allegations. They made some definite allegations and

these things deserve proper investigation. I would expect the hon. Minister to take early steps to investigate into the allegations made and if necessary take the help of these two Members. There is, I think, a general apprehension in this House that the cost of these steel plants has gone up inordinately, that the total cost including the township would come up to Rs. 600 crores, which means an increase of near about 100 per cent. over the original estimate.

As regards the production of steel, nature has put us there in a rather favourable condition and it was expected that we would be able to compete with the producers of steel in other countries in the international market, by having lower prices for our steel production. So long the margin between the imported steel and Indian steel was quite considerable, but with this high investment in the capital of these three steel plants, it is apprehended whether the price of steel coming out of these three steel plants will be able to compete in the international market.

It is not a matter for very serious concern that we have lost in this some few crores of rupees, but what is a matter for concern for us is that this investment will go into the cost structure of the steel to be produced in these steel plants. So, utmost economies should have been observed and even now should be observed. I find that the township in each of these three steel plants would cost about Rs. 14 crores. I think there should have been some scope for economy in this. Anyhow, I again repeat my request to the hon. Minister to take early steps to make proper investigation into the very definite allegations made by two hon. Members of this House. These allegations have been made not once, but repeatedly in this House. Moreover, the Public Accounts Committee and the Estimates Committee also have made certain observations in this regard particularly on the retention price and the

[Shri A. C. Guha]

equalisation fund, and these also should be properly enquired into. There is enough logic behind their observations.

As regards coal, I do not share the optimism of the hon. Minister regarding the target to be achieved at the end of the second Plan, nor am I so pessimistic about it. I still feel that it is within the possibility of achievement. One ominous thing is that last year, the tempo of production has gone down from 10 per cent. in 1957 to 4 per cent. In 1957 the rate of increase was higher than in 1958. That, I think, should be taken care of. The tempo should have increased instead of going down. But personally I have seen some of the mines opened by the National Coal Development Corporation. I think they have already opened about 10 or 11 mines and raising of coal has started in those mines. There it will be more or less mechanised raising, unlike in the old collieries. So, I hope that if this programme of achieving the target is vigorously pursued, it would be possible for the National Coal Development Corporation to reach 10.5 million tons target of increased coal output during this Plan period. As regards the private sector, their performance in 1958 is somewhat discouraging, but still I think it may be possible for them to reach the target of 10 million tons. They have already done about 5 million tons and it will be possible for them to come up to 10 million tons. But it would require some vigour, some exertion on the part of the public sector to achieve that target.

Much has been said about ICS officials. This National Development Corporation has 5 or 6 ICS men on the board. It is more or less an official body. I do not understand the utility of having so many officials on this Corporation. It is practically an official body. I think these Corporations should be left more or less

to public men, to industrialists, experts from the private sector and some other public men. These Corporations should not be left entirely in the hands of officials or retired officials.

As regards coal it is not only a question of achieving the target of raising 60 million tons. What is more important is the conservation aspect. I feel that Government or the other bodies entrusted with this task on behalf of the Government have not been doing their function quite properly as regards conservation. Conservation, I am sure the Minister will agree, is not just keeping some coal underneath which may either be lost or may be utilized by future generations. Conservation would mean the proper utilisation of good quality coal and also the maximum extraction of coal from a particular seam or a particular colliery before it is closed. From that point of view much remains to be done and should be done.

Regarding the establishment of coal washeries, these have been inordinately delayed. I hope the Government would realise the consequences of the delay in establishing the washeries. That means that good quality coal is being consumed for non-essential purposes also. I am told that about 80 per cent. of the good quality coal is being consumed by non-essential consumers. Even knowing this fact, and knowing also that we are short of metallurgical coal, still Government have not taken proper steps to set up washeries. As in the matter of establishment of washeries. In the case of blending also, practically nothing has been done. Only one washery has come up. There also the production is more or less nominal; rather, production has not started yet. I am told that some defects have been found in the plant and I think the Japanese contractors have been trying to put them right. How far it has been possible, or will

be possible to put the plant for proper utilisation up to the capacity that was expected of it, I feel the Minister will examine it and will enlighten the House on this point also. Let there be no apprehension about it here. Also, the other three washeries should be established as soon as possible. I do not expect that the other three washeries will start working during the Second Plan period. That would mean that some wrong use will continue to be made of some good quality coal which should have been saved.

Then, my hon. friend, Shri Vittal Rao has referred to the amalgamation of collieries. There are more than 900 small collieries. I am told that so far three such collieries have volunteered for amalgamation. I should say that the Government was not quite wise in waiting for two years for considering their voluntary amalgamation proposals. Government should have taken definite steps for compulsory amalgamation. The difficulty is that Government set up some committee, the report is published, but still no action is taken on that report. That committee was presided over by an eminent Member of this House. For two years the Government have taken no step to implement the recommendations of this Committee. I submit that compulsory amalgamation of these small collieries should be proceeded with and the necessary legislation should be brought before the House at an early date.

17 hrs.

Then another important thing from the point of view of conservation is grading. As regards grading, we are very much behind the necessary target and I do not know what the Government is thinking about this. The Coal Board is expected to do the grading but the Coal Board is not competent or has not been given the necessary staff or the necessary authority to do the grading. It is stated that there should be about 2,000 samples every year to be examined for grading but the Coal Board has not

been able to do anything, even up to 1,000 annually. This number of 2,000 samples to be examined every year is going to increase every year with the increase in the production of coal. So, what is the programme of the Government as regards making grading up-to-date?

There is a Bill pending before this House providing for the abolition of the Coal Grading Board and the repeal of the Coal Grading Act. I think the Coal Grading Board was not functioning for the last two or three years. It was more or less a defunct body. Now the formal abolition of that body is being proposed under the Act. But that is just a negative aspect of the thing. The Coal Grading Board was not functioning. It is good that it is now formally abolished. But then who is to do the grading? If the hon. Minister expects that the Coal Board will do it then he should reconstitute the Coal Board. I will come to that question from other points also.

I think the Coal Board requires to be reconstituted and the Act which establishes the Coal Board should also be drastically revised. I do not know except that the Ministry as such is responsible for the production of coal, if there is any other authority within the Ministry which can be called responsible for the production of coal. There is one gentleman called the Coal Controller who derives his authority not from any Act regarding coal but from an overall Act,—the Essential Commodities Act. His function under this Act is simply for the distribution of coal to the different consumers. He cannot take any steps regarding production and yet under him there is a Deputy Coal Controller for production. I cannot understand with what authority the Coal Controller or his deputy can function for production. They have got no such authority. The Coal Controller is also the Chairman of the Coal Board. That is not according to the Act. He has just been nominated as the Chairman of the Coal Board.

[Shri A. C. Guha]

Somebody else might have been nominated as the Chairman of the Coal Board. But I think the Coal Controller or whatever may be the designation of that officer should be an integral part of the Coal Board. As the Textile Commissioner is responsible for the production as also for the distribution of textiles, so, there should be an officer, Coal Commissioner or Coal Controller or whatever he may be called, who should be responsible for the production, distribution, and all other ancillary things connected with the coal industry.

There is another confusion in this respect. The confusion is that there is a lot of overlapping of authority between this Coal Board and the Chief Inspector of Mines. Under section 22 of the Mining Act, the Chief Inspector of Mines has got an overall authority on all mining affairs. He can at any time stop the mining operation in any mine including a colliery. He can cancel the certificate of a mining manager including the manager of a colliery. So, in view of this overall authority of the Chief Inspector of Mines under section 22 of the Mining Act, I think the Coal Board is simply just an impotent organisation before the Chief Inspector.

Mr. Chairman: The hon. Member's time is up.

Shri A. C. Guha: I think I should get some more time. I have taken only 15 minutes.

Mr. Chairman: My difficulty is to adjust the time among different hon. Members.

Shri A. C. Guha: How can the Coal Board be made more effective? Even now, stowing is one of the important functions of the Coal Board. But what is the progress of stowing?

Particularly in the case of stowing for conservation, I think the average

that the collieries can perform, is only about 60 per cent. of what has been ordered by the Coal Board. About 40 per cent of the sand to be stowed as ordered by the Coal Board has not been stowed; only 60 per cent. is stowed by the colliery owners. That is the position in respect of stowing for conservation.

In the case of stowing for safety, of course, their performance is somewhat better, because there is the question of the Chief Inspector of Mines intervening and stopping operation otherwise. The colliery owners are afraid of the Inspector, and so, I think that for stowing for safety they take prompt action. But when the question of stowing for conservation comes the colliery owners are quite indifferent, and only about 60 per cent of the sand ordered to be stowed by the Coal Board is actually stowed. Why this is the position? This matter also should be considered by Government, and the Coal Board should be given the proper authority.

Another thing that I would like to point out is that the Coal Board is also responsible for the safety. The Act which has set up this Coal Board is the Safety and Conservation Act. The Coal Board hardly takes any interest in safety matters. Even after the Chinakuri accident, I do not think there was any inspection by the Coal Board of this area, of this colliery. If the Coal Board is to be charged with safety, then the Coal Board should be asked to discharge its work properly and should be given the proper authority and instruction to discharge that work properly.

The Coal Board should get also more inspecting staff.

Before I conclude, I should like to refer to a few other points. This Ministry has under it a number of corporations. Only under the Mines and Fuels Wing, I think the number of corporations would be six or seven.

And there is a craze for multiplying the number of these corporations. You know, Sir, that the money allotted to these corporations does not come under the strict scrutiny of Parliament. So, Parliament should be somewhat careful about the creation of these corporations. I cannot understand the justification of having two corporations more or less for the same purpose, the Orissa Mining Corporation Ltd "for the exploitation of mineral ores in the public sector", and the National Mineral Development Corporation "to undertake exploration of minerals in the public sector". More or less, the objects of these two corporations are the same. Why should there be two corporations for practically the same purpose, namely exporting ore, and that also, through the State Trading Corporation?

**Sardar Swaran Singh:** They operate in different areas.

**Shri A. C. Guha:** But they can operate in different areas under the same corporation.

These corporations, if they are at all to be set up should not be under the control and management of officers or retired officials. I do not like to put a complete ban on them, but the show should not be an official show. All these bodies are practically under the control of so many secretaries to the Government of India. Then, why should they be called the public sector and why should there be these corporations? Then, let them be run as departments of Government, so that every expenditure will come within the scrutiny of this House. I hope the House should set up some organisation or some machinery to look into the working of these corporations. Their number, by this time, I think, has reached somewhere near 60 or 70, if not more. As regards the price of petroleum and oil, last time also something was mentioned. And fortunately, our Minister in charge of oil has been able to

effect some reduction, but he gave this assurance that this was not the final reduction, and that there might be some further reduction, and the whole thing was being examined by an expert body. In today's paper, I find a report that some cost accounting experts have examined the whole thing, and I think they have also recommended further reduction in the price of petroleum oil in this country. I hope the hon. Minister will see that petroleum is made available for people at reasonable prices. The country should not be made to pay undue profit to some foreign companies.

Lastly, I come to the exploration of oil in West Bengal. I think last time also we made this suggestion, that this should be done not through any foreign company, but through the Oil and Natural Gas Commission. At present one exploration is going near Ranaghat. I do not know what the outcome of this will be, but I still ask the hon. Minister to examine this question, of exploration in West Bengal being carried out through the Oil and Natural Gas Commission and not through any foreign company.

**Shri Dasappa (Bangalore):** In that masterly survey which the hon. Minister, the man of steel, made, there was one unfortunate omission which, I am sure, he will himself admit, there is no reference at all to the Mysore Iron and Steel Works.

**Shri Nath Pai:** That is what I pointed out also.

**Sardar Swaran Singh:** I will rectify that in my reply.

**Shri Dasappa:** I am very grateful to all the friends who have already spoken. My hon. friend Shri. Nath Pai, Shri Vittal Rao, and Shrimati Renu Chakravartty on another occasion have all made special mention of the Mysore Iron and Steel Works.

**Shri Basappa (Tiptur):** You are on stronger ground.

**Shri Dasappa:**..... and entered a plea for it. So, I want, first of all, to express my gratitude to all the hon. Members who have spoken. I want the hon. Minister to take note of the fact that here is a unanimous demand for expansion of the Mysore Iron and Steel Works. I will come to it after reference to a few other matters of general importance.

I think that, when we are discussing the matter today, it may not be profitable for us very much to go over all those old and ancient things to which very legitimate exception can be taken. In fact, I do not think the hon. Minister himself will say that there have not been mistakes, acts of omission and commission, as he himself said. What is really worth while is that we should learn from those mistakes, so that those mistakes do not occur again. Therefore, I do not propose to dwell on those things.

I am a member of the Public Accounts Committee. If I were to catalogue all the objections taken by Audit, and you, Sir, are also there, I can hold this House for a whole hour or more. So, my hon. friends, instead of drawing on these Audit reports or the criticisms of the Estimates Committee, I think, would do well to resort to the other course, which Shri Nath Pai did towards the fag end of his speech, viz. to make constructive suggestions.

I would really congratulate the hon. Minister and the Ministry for the satisfactory turn they have taken of late. Whatever criticisms hon. Members were able to direct against the working of the Ministry had something to do with the past. Today we see that the plants are placed on an even keel, on the rails, and they are well ahead to reach the targets within the scheduled time.

**Shri Naushir Bharucha:** Where do you get that from, from the hon. Minister's statement? Have you

seen the Thirty-third Report of the Estimates Committee and what they say?

**Shri Dasappa:** The hon. Minister said that even in other sectors, in the private sector, there has been an element of delay.

**Shri Nath Pai:** We must always do better than the private sector.

**Shri Dasappa:** I will come to that.

I do not think that the delay will go beyond six months of the target date. If it does, I am at one with the Opposition Members in trying to find fault with the Ministry. But in a huge, gigantic concern where Rs. 600 crores are involved, what are six months?

**Shri Naushir Bharucha:** Each day costs Rs. 30 lakhs.

**Shri Dasappa:** I do not think it would profit us to allow our minds to run in those directions. I would rather think of what exactly are the requirements in order to increase the efficiency of our projects. That is what I am more concerned with.

My hon. friend referred to the designing section. Certainly I think we ought to have a most up to date designing section. Secondly, there is the question of Lab. I entirely agree that our Lab. must be of first class standard and there should be no occasion for us to go to foreign countries to get any help in that direction, I would also add that we must have certain advisory councils. For instance, the Commerce and Industry Ministry has Import and Export Advisory Councils to see that the Ministry keeps in touch with the pulse of the country and gets to know of the requirements to be able to formulate a policy acceptable to the country at large. So far as import of

steel, so far as iron and steel are concerned, the hon. Minister will kindly see to it that he will have an import and export advisory council for that purpose

Secondly, what is even more important is that so far as the entire policy in regard to iron and steel is concerned, there must be a Joint Advisory Council as recommended by the Estimates Committee, composed not only for representatives of the Central projects but also of humble projects like the Iron and Steel Works in Mysore, of private companies, of re-rolling mills and so on. I would also suggest the inclusion therein of a few leading public men. That would be a very good idea. My hon. friend suggests Members of Parliament. All virtue is not confined to the floor of the House. But if there are some from here and some from outside, it would be very good.

I feel very often sad that the Mysore Iron and Steel Works has not got its due hearing at the Centre. It is a most unfortunate thing that it is not located somewhere in the north, then possibly it would have got a better hearing. I am referring to this for this very substantial reason. I want the hon. Minister to see that the Second Plan provided for, what the First Plan provided for, for the development of the Mysore Iron and Steel Works. On page 2 of the Estimates Committee Report, we find that the target was to be increased from the existing production of 30,000 tons in 1955 to 1 lakh tons in 1960. If we turn to page 149, we find the break-up of the whole thing: Spun pipe plant Rs 15 lakhs, Sintering plant Rs 30 lakhs, Ferrosilicon plant Rs 150 lakhs, expansion of steel melting capacity and extension of rolling mill capacity Rs. 300 lakhs.

What do we find in the latest report? We find the programme about the Mysore Iron and Steel Works' second plan; which comprise apart

from other things, the installation of additional steel making units billet and structural mill, that would raise the production from 30,000 tons to 100,000 tons. This is at the beginning of the Second Plan. What is stated now? 'In regard to the installation of steel making and rolling facilities alone, progress has been upto now rather slow'. This is what the Ministry says. Why should it be slow? I demand an explanation here why there should have been this retardation of the plan, virtually denying all progress during this period of the life of the Iron and Steel Works.

Shri Nath Pai: And also ask them who is responsible for it.

Shri Dasappa: That is what I am asking the hon. Minister.

Sardar Swaran Singh: Not you, in any case.

Shri Dasappa: May I take it as stated in the report that in regard to this the tenders were tendered in 1956 and negotiations with the tenderers are now in the final stage? It is interesting to note that Mysore had decided to use the LD process for steel-making. I think Rourkela is also resorting to the LD process. I am glad of it. I see that the Estimates Committee had adverted to it critically—this new LD process. But, as has been stated, the world has taken to it. It was 4 million tons sometime ago and in 1959 it is 14 millions all the world over. It is the most economic way of producing steel and we have resorted to it.

I have a right to expect an assurance from the hon. Minister that this assurance which his own report contains will be made good as early as possible, and, when it comes, there should be no more explanations coming forward to prevent the early attainment of the objectives.

Then, I would like to refer to another important scheme which they

[Shri Dasappa]

themselves have provided for in the Mysore Iron and Steel Works. It is noted on page 68 of the Report of the Estimates Committee

"The Committee understand that the expansion programme of Mysore Iron and Steel Works included in the Second Plan provided for the manufacture of 15,000 tons of stainless steel"

Now, what happens? This is a thing which I initiated long ago while I was in Mysore and it was included in the First Plan, it gets included in the Second Plan; and I am afraid, it will be included in the Third Plan and also in the Fourth Plan. It will go on getting included in every Plan but

Shri Nath Pai: Never implemented

Shri Dasappa: never implemented

Here is what the Estimates Committee says

"They were, however, informed that the scheme for manufacture of stainless steel at Bhadravati has since been rejected by the Planning Commission"

They give some reason or the other. This is very important. This is what the Estimates Committee again say-

"The Committee find that on a review of the expansion scheme of the MISW included in the First Five Year Plan, it was considered that the MISW should concentrate on high priced steel rather than on mild steel products. Further, the pattern of development of these works during the Second Five Year Plan which includes a proposal to set up a stainless steel plant was drawn up on that basis and also after taking into account the opinion of TCM experts"

There has been another latest expert. I think the Fiats have also

opined that Bhadravati Iron and Steel Works are eminently suited for the manufacture of stainless steel and steel alloys. The Estimates Committee says:

"In view of these circumstances, as also in the interest of the regional development of the country the Committee feel that the feasibility of entrusting the production of stainless and other special steels to the Mysore Iron and Steel Works instead of setting up another plant for the purpose, should be considered"

Luckily, the report of the Ministry says that the position of the location of the plant will be based on the detailed project report.

I ask, is it not extremely unfair that, when the Planning Commission decided upon having this unit of alloy steel and special steel and stainless steel at the MISW, when the Government also did the same thing when it included it in the First Five Year Plan and in the Second Five Year Plan, today they want to keep it an open thing and suggest that the location will be decided later on?

I may incidentally tell how economically we function in Mysore. With hardly an expenditure of Rs 7 or Rs 8 lakhs, the manufacture of steel ingots has gone up from 30,000 to 42,000 tons, 30 per cent increase, refractories from 25,00 to 4,000, cast iron castings, 3,000 to 4,000 tons—all with an additional cost of Rs 7 or Rs 8 lakhs. We have a standard which we maintain there and I am sure anybody who sees these works will deny that it is a place eminently suited for the location of this new unit of special steel and stainless steel. I am anxious that the hon. Minister should view this sympathetically and do his best for implementing the scheme.

In the report I find no figures for Bourkela regarding the employment of

foreign experts and I also find a wide difference between Bhilai and Durgapur in this connection. In Bhilai which has got the same capacity as Durgapur I find 860 Russian experts. In Durgapur it is only 180 British experts. Possibly in Rourkela it is not even that much. I think there is some necessity to keep up a certain ratio of these foreign experts to guide us in these respects. If we can manage with 180 in Durgapur why should we not manage with as many in Bhilai? All this is paid for by us. In fact I wanted to know the information about training. I wanted to know how much it cost for training—the break-up may be with regard to each of the States—America, England, Germany, Russia and so on and also plant-wise. How much it cost us to have this training? That element is not to be seen in the figures given to us.

I am one with those friends who feel that there will be enough demand for the steel that we produce in this country. I do not think that the starting of the three steel plants was ill-advised though there is a strong opinion that instead of three, there might have been two and the money spent on one steel plant could have been diverted to fertilisers. I am glad incidentally that the Ministry is interesting itself in fertilisers. What I was saying is this. In Rourkela there is the possibility of expanding production to two million tons and in Durgapur and in Bhilai we can go up to 2.5 million tons. Then, why is it that we are planning about the 4th plant at Bokaro? In fact the Estimates Committee made it abundantly clear that it would be false economy to go on expansion by way of a new plant when we have already got enough room for expansion of the existing plants. I would like the hon. Minister to tell me what it would cost to expand the Rourkela plant or the Durgapur or the Bhilai plant by an additional one million ton capacity and what it would cost to have a new plant of one million tons. It is a wrong economy to launch on a new unit.

I think there must be a fair distribution of the re-rolling mills because they are going to help the people in the different areas and there will be the zonal advantage. We have got 700,000 tons ingots specially earmarked for re-rolling. So, when he thinks of having new units for re-rolling, the areas which are ill-served at present so far as re-rolling units are concerned must be given priority. I am told that Kerala has not even a single re-rolling unit. Certainly they deserve one. Mysore has no such unit at all, apart from the iron works. Andhra Pradesh can have one. Therefore, I suggest that he must do his best to meet the regional requirements also.

I am very glad that so far as Neyveli is concerned, every effort is being made to implement the various schemes that they have taken on hand. It is presided over by my hon. friend, Shri Pattabhi Raman, and I hope that no impediments will come in the way of the furtherance of all these projects.

On the whole, Sir, I must say that today the picture is far brighter than it ever was before. So far as the remarks, observations and criticisms made in this House are concerned, I am sure the Ministry would be glad to benefit by them and they will not feel aggrieved at them.

With these words, Sir, I am very glad to support the Demands relating to this Ministry.

**Shri Naushir Bharucha:** Sir, the story of steel plants in India is a tragic tale of lack of planning, gross negligence, criminal extravagance and, Sir, suspicion of corruption. In the first place, it must be appreciated that these facts can be very clearly borne out by the Thirty-third Report of the Estimates Committee which constitutes a formidable indictment of the Ministry of Steel, Mines and Fuel. I do not remember in the history of Parliament there has been a more severe indictment of any department of the Government.

[Shri Naushir Bharucha]

With regard to defective planning several instances have been cited already in this House. Even now defective planning continues. For instance, in Durgapur limestone of the requisite quality is not available with the result that three times the quantity of limestone has to be quarried before you get the desired results at Durgapur. Water-supply is still to be provided at Rourkela. Limestone has to be brought 500 miles because the limestone available in the vicinity is not suited to the L.D. process which is to be adopted for Rourkela. Even today the hon. Minister said that mechanisation for iron ore mines and coal washeries is yet to take place.

It is surprising why this synchronisation was not aimed at, and how is it, when we have so plentiful consultants in every field, there has been such a sad lack of planning. One point I might mention. In the case of Rourkela alone the additional expense on transport of iron ore will come to Rs. 68 lakhs a year. Even now defective planning has not stopped, because our engineering industries are not being geared up so that when our plants go into full operation all the pig iron available will be utilised by them. There is bound to be a glut of pig iron.

With regard to consultants our steel plants are suffering from a surfeit of consultants. We have got too many of them. The Krupp Demag were manufacturers and suppliers as well as consultants. It is a very strange thing. Which fool of a manufacturer and which fool of a consultant will say that the equipment that he is offering is not of the right quality, when out of this contract for Rs. 100 crores, Rs. 28 crores worth of equipment was to be supplied by Krupp Demag themselves who act as consultants. They supply the equipment, then change their label and come as consultants, and then say that the equipment is all right and receive the payment for it. I ask, is this the type of planning that we are paying for?

And, strangely enough, as consultants they receive a fee of Rs. 2.8 crores. Yet the contract for consultation is silent on some most important matters such as service with regard to civil engineering works. Why was that lacuna kept there in that agreement? Was that deliberate? I think a judicial enquiry is called for as to why this contract was so very defective and faulty, and who was responsible for it.

On the top of Krupp Demag we have a Technical Adviser for Rourkela who looks into the scrutiny of technical tenders and specifications, and, who is expected to be the prospective Chief Engineer for operations of the works? Then, as if these consultants are not enough, on the top of that you have got the International Construction Company for Durgapur where a fee of Rs. 1.8 crores is provided. Again, as if this is not enough, on the top of that you have got the Indian Steel Works Construction—ISCON—to whom we are paying a consultation and service fee of Rs. 15 crores—technical service. And, in hot haste the Government appoints International Construction Co. as consultants for six years starting from 1956. I think this is definitely 'fishy'. There is something fishy about this contract, and there must be a judicial enquiry by a judge of a High Court or the Supreme Court. It must be found out why this contract was so very defective. On the top of that, having paid the consultants so much, there was the complaint that sufficient Indians are not being associated with the work of designing and with the erection work that is in progress. Then, the hon. Minister perhaps expects that for all this I should praise him! I am afraid I cannot.

Sardar Swaran Singh: I do not expect that from the hon. Member at all. He need not have any misapprehensions.

Shri Naushir Bharucha: Then, look into the contracts concluded by the

Hindustan Steel Company—very important contracts which they entered into. Most of them are 'fishy'. I will cite a few cases. It is not that I am citing them for the first time. These contracts have been examined by the Estimates Committee appointed by this Parliament, and what I am quoting is an analysis from that report. In the case of civil engineering works for Rourkela blast furnace, Messrs. Uttam Singh Dugal were given the contract. The contract was accepted because his tender was lower by Rs. 30 lakhs. But immediately he was given an advance of Rs. 28 lakhs. The contractor plunged into the contract without the knowledge of the risk he was taking without experience, without adequate equipment, without skilled personnel, and without qualifications. No enquiry was made into the antecedents of this firm. It is true that the report regarding the black-listing of this contractor came afterwards, but when the Hindustan Steel Company entered into this contract running into millions of rupees, was it not the duty of the Government to enquire into the antecedents of the parties, whether they are capable of fulfilling the contracts? When Rs. 21 lakhs were additionally spent for foreign carpenters, our Government readily bears the liability to pay this Rs. 21 lakhs. It is not the fault of the Government; but whether it is the fault of the German experts who did not supply designs in time or the fault of the contractors, whoever is at fault, our Government must pay! This is fishy. Who was the officer who dealt with it? I would like to know the name of that officer.

Then there is the Hochtief Gammon contract. This was a contract for the engineering works of the rolling mills at Rourkela, the largest single contract in the steel plants, costing Rs. 7.78 crores. The reasons for awarding the contract were, they promised to execute the work according to the time-schedule; secondly, their requirement of foreign personnel was less; thirdly, the construction equipment was already in India and fourthly, the

foreign exchange content in their price was about half of that of an English tenderer. This is the same party which had that antecedent in regard to the Kandla port. No enquiry about the antecedents took place even though the contract runs into nearly Rs. 8 crores. The principal details of the contract are that the contractor is to be given an imprest money of Rs. 30 lakhs and an advance of Rs. 12½ lakhs.

The Estimates Committee says that since a separate firm of consultants had been appointed exclusively for civil engineering works for the rolling mills at Rourkela, it should have been possible for Hindustan Steel to utilise their services in such a way as to remove the grounds which justified such a contract. But the Committee forgot that Hochtief are erstwhile partner of the consultants of Hindustan Steel. At one time, he was the consultant; at another time he became the contractor. They immediately left off consultant work because they found it pays them to become contractors! Then, a very peculiar contract in regard to some equipment is entered into.

This peculiar contract which was entered into was for hire of equipment, costing Rs. 60 lakhs when new. But second-hand equipment was taken and the hire charges were paid to the extent of Rs. 75 lakhs. The Estimates Committee demanded a justification from the Government. The first excuse the Government gave was that they could have purchased this equipment but that the contractors were not willing to sell the equipment. Later on, after four months, another excuse is given by the Government that the cost of repairs and maintenance would have been prohibitive if the equipment were to be purchased. I would like to leave the matter to the House to consider whether the Government could give such excuses or conflicting explanations of this type for the contract. It is for the House to consider what was the real reason behind it.

[Shri Naushir Bharucha]

Then we come to the ISCON. It was a package deal. The Estimates Committee was of the opinion that in future, we should not enter into such package deals, because, though the contract ran to Rs. 15.0 crores the technical know how was not provided for in it. Strangely enough, in this contract there was an escalation clause. Usually, the escalation clause provides for a range of 5 per cent, but in this case, it was 15 per cent. Why? The contract with ISCONS provides for technical services at a cost of Rs. 14 crores, but these services relate only to preparation and submission of drawings, samples and models in respect only of plant to be procured in India, valued at Rs. 20 crores. What is strange is that even provision of tables, chairs, etc. for their own offices are put down as technical services supposed to have been rendered, for which they have charged us!

Let us look to bigger aspects. The steel plants are going to be a huge flop in our economy. Mr. Chairman, I warn this House. Apart from the first estimated capital cost of Rs 353 crores, which now stands at Rs. 439 crores, it would cost Rs. 120 crores more for a number of items which the experts forgot to take into consideration. In calculating the cost of the steel plants, do you know, Sir, what were the items which the consultants forgot to take into account? Cost of townships, ore mines and quarries, coal washeries, fertiliser plant and even the land on which the plants are to be constructed were forgotten. They even forgot to take into account their own fees. Notwithstanding that the hon. Minister may say that this is the final estimate, it is going to be much more.

With regard to the capital expenditure of the plants, we are told that the capital expenditure will be maintained at Rs. 300 crores and the rest of the expenditure will be treated as loan. Already they are committed to Rs. 280 crores. So, Rs. 260 crores would be

loan from Government to Hindustan Steel. The Estimates Committee say that they are doubtful whether the Hindustan Steel can ever repay Rs. 260 crores of loan. Why they cannot repay, I shall presently come to. Also, we do not know whether, when the plants go into operation, like the railways they will make any contribution to the general revenues. We do not know whether there will be any depreciation fund or anything will be set aside. No thought whatever has been given to the capital structure and the final disposal of surpluses.

In this connection, it is very interesting to note, when we have invested so much in the plants, what is going to be the total sale proceeds, how much will be the steel produced and what will be the cost of the steel. We are told that in the Rourkela, where the capital cost will be Rs. 220 crores and more, the total production of steel and other things will be Rs. 50 crores only per year. If you calculate interest at 6 per cent on Rs. 213 crores and even if you calculate depreciation at 5 per cent only, between the two, they will absorb Rs. 22 crores out of Rs. 50 crores. So, Rs. 28 crores will remain, out of which the wages of workers, raw materials, transport, township and everything will have to be provided. It is impossible. In other words, having invested Rs. 560 crores in three steel plants, we will find that the yield is so low and meagre that it will not suffice to pay the operation costs even. This is the position to which Parliament is being reduced. Still, the hon. Minister says today he wants Rs. 122 crores more. I say, not even a counterfeit rupee should be given unless there is a judicial enquiry into the whole matter. He simply laughs at it; Rs. 122 crores mean nothing to him, but, . . .

Shri Nath Pai: Why do you place so much faith in judicial enquiries? He will say "I disagree", as they did in the case of the Law Commission's report.

**Shri Nanshir Bharucha:** He may say anything, but we will know the truth. The truth is being hidden now.

What will be the cost per ton? The hon. Minister says it is too early to say. The Estimates Committee say that the experts have said that Rs 560 will be the cost per ton, out of which Rs. 260 will represent the capital charges and Rs 300 direct expenditure. If that is the position then it is obvious that our steel plants are going to be economically an unsound proposition and I want the hon. House to take that fact into consideration.

Now the estimates are increasing from day to day. So today the cost of imported steel would be definitely less in comparison to what our prices would be, finally we will have to pay much more than the present cost of import steel for our steel. Of course it is a different thing if we want to pay more in order to have our own industry, that is a different thing altogether. The estimates have increased by leaps and bounds. Only one glaring example I shall point out. The cost of the Rourkela rolling mill went up from Rs 48 crores to Rs 72 crores. What was the explanation? When the Estimates Committee have asked for an explanation for a few months no explanation was given. The Government was inventing an explanation. And even when at the last moment they gave this explanation the explanation was totally unconvincing. Rs 24 crores were added in the erection cost. There was an increase of Rs 4.62 crores on account of provision for inland transportation. That is not at all convincing. When you have a contract for rolling mills do you not include even the cost of inland transportation? It is an unheard of thing. Then they say that they did not know that the cost of Indian workers would be more by Rs 2½ crores. Then they say, we have purchased spares worth Rs 4½ crores. What type of spares? The railways used to keep spares enough to last for a century. I wonder whether the same thing is done by the steel plants.

The whole thing requires a judicial enquiry. I say that the administration of our steel plants is rotten from the top to the bottom. The Minister is too much of a gentleman to match the cunning of the contractors who can easily fool him. I submit that an enquiry is required not only for the contracts but for so many aspects, as the Estimates Committee has recommended. The Estimates Committee has rendered signal service to the country, signal service to the tax payer and yet not a word of the Estimates Committee report was heard in the one hour statement which the hon. Minister made at the beginning of this debate. Sir I submit that unless and until a fresh enquiry is ordered into all those aspects, not a single pie should be given to this Ministry.

**Shri Bose (Dhanbad):** The Ministry of Steel, Mines and Fuel is a very important Ministry in our Government, particularly in the context of our present day industrial and economic activities. The functions and responsibilities of this Ministry, as I understand, are enormous and ever increasing in magnitude. The primary function is to explore, exploit and utilize the mineral resources of the country for the economic and industrial advancement of the country. It is said that England rose to eminence before any other country because she discovered coal and iron ore at a very early age and utilized them for their advancement. We in this country also have a national plan for industrial and economic development, and the success of the Plan depends really upon the success of this Ministry. It is therefore natural that the public are eager to know the various works done and proposed to be done by the Ministry. There is a lot of criticism also both from inside and outside the House. That is also quite natural. It is, therefore, worthwhile for us to examine the activities of the Ministry as given in its Report, which are quite informative and interesting. Of the two reports issued by the Ministry, one deals with iron and steel and the other with mines and fuel.

[Shri Bose]

From the first report we understand that the target of 6 million tons of steel as fixed to be attained by the Second Plan period will be achieved in scheduled time. Of the three gigantic steel plants with the capacity of a million ton each at Rourkela, Bhilai and Durgapur, two have already been formally inaugurated by the President and have gone into production. The third one is understood to be ready for production before the end of the year. The expansion work at Jamshedpur, Burnpur and Bhadravati also has been successfully accomplished. Other achievements in connection with the steel plants, such as, coke plants, fertilisers, power plants, various ore mines, water works and township et cetera are also not able accomplishments. There may be lapses and there may be criticism also but when we take the whole thing into account we cannot but feel proud and I personally congratulate the Ministry for its success in achieving the targets for production of steel which, I understand, will save foreign exchange to the extent of Rs. 80 to Rs. 100 crores a year.

In respect of the steel plants I remember one of the hon. friends suggested that all foreign experts should be driven away and our own men should work even though they commit mistakes. Let them commit mistakes and learn by the mistakes. I do not agree with that suggestion because in high technical jobs every country in the world, even the advanced countries, have borrowed experts from other countries.

Shri Nath Pal: They do it after using the local talent available. First use our own talent.

Shri Bose: The late Dr. Meghnad Saha, who was a Member of the last Parliament and a great scientist, visited all advanced countries, including Russia and America. He came here and described that even today in Russia and America the best

experts are borrowed from Germany. It may be that the men at the top are local people but the working experts are from Germany because Germany actually learnt these things before others learnt it. Even in England in many factories, German experts are working today. So, it is no use to avoid getting benefit from others experience. Sb, I do not believe in that suggestion that all foreigners should be removed. It is better to have foreign help as much as possible.

Shri Nath Pal: Only when it is essential.

Shri Bose: It is essential of course, Gradually our experts will be borrowed by other countries. Even now, Nepal and other eastern countries are borrowing our experts.

Shri Nath Pal: Shri Sukumar Sen was sent to Sudan.

Shri Bose: Personally, I am taking it up because I believe that I am right in that whenever necessary we shall take advantage of others experience. Experts with special knowledge should be brought over here to help us in technical matters particularly, not in every matter.

The other report dealing with mines and fuel contains a lot of information about new discoveries of coal and other things like oil and gas et cetera and the various types of operations undertaken for their production. Coal, I must say, is the most important basic material for running locomotives, producing power, smelting iron et cetera. Besides, it contains very valuable bye-products whereas no other rival power producing material, such as, oil and nuclear energy has them.

17:55 hrs.

[Mr. DEPUTY-SPEAKER in the Chair]

Coal as the cheapest material for the purposes just mentioned still retains

its premier position. Coal can never be dispensed with; of course, after its exhaustion, it will be necessary to dispense with it. It is for this purpose that the target of 60 million tons of coal was fixed to be raised by the end of the Second Five Year Plan. To fulfil this target, the Ministry, with the help of the Geological Survey of India and the Indian Bureau of Mines has discovered new coal deposits and started mining operations in many of them. I have no doubt that before the end of the Plan period, with the help of the private sector, we will attain the target and fulfil the raising of 60 million tons.

One of my hon. friends has said that the activity is very slow, and there is no chance of fulfilling the target. But I would say from personal knowledge that in mining operations in the beginning when the mining is just opened, you do not get the raising; it takes a year or two or even three or four years to get a wider place for operation; and then you can get as much raising as you like. Immediately after opening, a mine cannot give more raising, because the working space is very narrow. But when all the gates and the galleries are open, then you get as much raising as you like. That is why, after a year you will get more raising from the same mine where you were not getting any raising at all.

I, therefore, think that there is no doubt at all that the target would be fulfilled. In this connection, I read from the newspapers that the private sector are feeling some difficulty in getting import licences for important machinery. The colliery machinery is so important that unless they get the proper type, there may be accidents. For example, the ropes by which the cages are hung are of a special type. We cannot make them here or there in our country. It is patented by some firm, and that particular firm must supply them. For

example, in the Chinakuri colliery, the rope is as long as 2000 feet, and it is tapering in shape, it is not uniform, and so, that type of rope cannot be built or manufactured here and there. It must be brought from the particular firm. So, licences for the import of these colliery machinery must be given; otherwise, there will be accidents.

Even if it be a small hook, it has to be obtained. Every pit has got two cages, and every cage has got a safety hook; the safety hook is patented somewhere; so, unless it is brought from that place, it is possible there may be accidents; it is not a very big thing, it is just a small thing, but that hook must be there; otherwise, there will be accident. So, mining machinery should have preference in the matter of import licences. Otherwise, there will be great difficulty.

As regards coal production, my hon. friend Shri T. B. Vittal Rao was afraid that the target may not be fulfilled. On the contrary I understand that the private sector are apprehending over-production in a few years, and in that case, they will suffer because the coal may not be sold in the market. That aspect also has to be examined. I feel that if they cannot raise the coal and they cannot sell our coal these national assets will be permanently destroyed and permanently lost.

So, the production, when it goes up, should be examined properly and adjusted in such a way that no national asset is lost thereby.

Another achievement of the Ministry, as has already been pointed out, is the Neyveli Lignite Project, where a power-house and a fertiliser plant will be installed. Besides, coal briquettes will be manufactured, A low-shaft—blast furnace is also contemplated to be built up there. Neyveli, when completed, will remove the difficulties of South India in many

[Shri Bose]

respects I, therefore, congratulate the Ministry on succeeding in this coal project also.

18 hrs.

Lastly, I want to say something about oil and gas. The Ministry is working in this section through a commission called the Oil and Natural Gas Commission. We all know that the Commission is moving from Kashmir to Cape Comerin, and from Assam to Jaisalmer, in search of oil and gas underground.

Mr. Deputy-Speaker: Is the hon. Member concluding just now? Or,

would he like to take some more time?

Shri Bose: I will take a few minutes.

Some Hon Members: No, no. Tomorrow

Mr. Deputy-Speaker: He should not be advised in this manner.

All right He might continue tomorrow.

18.01 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, March 31, 1959/Chaitra 10, 1881 (Saka)