

17.22 hrs.

RAW MATERIALS COMMITTEE\*

**Shri Chintamoni Panigrahi (Puri):** Mr. Speaker, Sir, I am grateful to you that this half an hour discussion has come today. Government have decided to constitute a Standing Committee on Raw Materials in the steel industry. And, it has been said by the Ministry that this committee will continuously study and advise Government on problems, long-term and short-term, relating to the production, supply and movement of coal, iron ore and other raw materials for the steel industry.

The Estimates Committee while considering the demands of the Steel, Mines and Fuel Ministry were of the opinion that so far as the supply of raw materials to the steel mills is concerned, there was no planning. They pointed out that so far iron ore was concerned it was supplied to Rourkela from a mine which is 140 miles from the place of the factory and it was from the Gua region. The Ministry also stated that when the steel plant started there was no planning so far as the source of raw materials was concerned and, therefore, they had to take this step of getting iron ore from such long distances. They said that for bringing the iron ore from the Gua region to Rourkela they had to incur an expenditure of about Rs. 68 lakhs annually so far as transport alone was concerned.

I am not going into details. But, so far as the supply of these raw materials is concerned, it has been very often said that the Hindustan Steel Ltd. is purchasing ores through the STC for the public sector steel plants as a short-term arrangement. We were given to understand that after the iron ore mines which will supply to the individual steel plants in the public sector are worked out, naturally, the STC will not be given the responsibility to supply iron ores to

the public sector steel mills. So, we were given to understand that this is a short-term arrangement so far as the STC is concerned, it was also said that even in the long-term plan, a certain quantity of ore from market mines is to be supplied to the Durgapur mills. For Rourkela and Bhilai, factories they are not going to purchase iron ore from the market mines; only for Durgapur they are going to purchase iron ore from market mines. Besides the Bolani ores will feed the Durgapur steel mill. The STC will be used to the extent convenient for the purchase of iron ore from the market mines. The Government has constituted a standing committee for the supply of iron ore and other raw materials. So, this point is to be clarified as to whether the Government has finally decided not to entrust the STC with the supply of iron ore to the public sector steel mills. If the STC will be entrusted with this work, to what extent would it be entrusted? Would it supply only for Durgapur?

The Hindustan Steel Limited have also a separate purchase organisation. The purchase of iron ore and lime stone is looked after by the central purchasing organisation which has its head office in Calcutta and the distribution of coal to the public sector steel mills is looked after by the Coal Controller. So, separate purchase organisations deal with separate raw materials. Will the standing committee co-ordinate all these activities? Or will it only advise the Government? What are its terms of reference? The hon. Minister will say that it has been formed to advise. Then why should a representative of the Bird and Company, a private foreign mining interest, be taken in this committee?

I have no time to go into the details but the requirements of iron ore for Rourkela come to 1.6 million tons annually the figures for coal and limestone are not with me. Durgapur re-

\*Half-an-Hour Discussion.

[**Shri Chintamoni Panigrahi]**

quires 1.2 million tons of iron ore annually and Bhilai, 1.9 million tons. The STC had the monopoly of supplying iron ores to these steel mills.

**The Minister of Steel, Mines and Fuel (Sardar Swaran Singh):** He uses the word 'monopoly' for the STC.

**Shri Chintamoni Panigrahi:** Not in the bad sense. I am a supporter of the STC. The STC has been given the right to get all these iron ores from the private mining interests: it has no mines for itself. I would request the hon. Minister to give us the figures in respect of allotment of wagons for a period of six months to the different mining interests. From that we will know that 75 per cent. of this quota has gone to the Bird and Company (Private) Limited. Rourkela and Durgapur are fed by the Bird and Company; it used to supply even for Bhilai.

**Sardar Swaran Singh:** 75 per cent of coal or coke?

**Shri Chintamoni Panigrahi:** Of iron ore. The hon. Minister of Commerce and Industry has replied here many times that the purchases are made from all the mine owners in Barajamda area, who are in a position to load from loading stations acceptable to the railways. It is just like asking the question: where is the nose? You can take your hand round the head and show the nose in a round about way. It is like that. What are the loading stations acceptable to the railways? Whatever sidings are there in the Barajamda area belong to Bird and Company and only those sidings are acceptable to the Railways! So, whatever iron ore has to be loaded has to be loaded on the sidings belong to that Company. Therefore, Sir, 75 per cent of the quotas have gone to Messrs. Bird and Co.

**Mr. Speaker:** Why does not the hon. Member ascertain it from the Railway Ministry?

**Shri Chintamoni Panigrahi:** I have ascertained it. That is why I am asking the hon. Minister to give us figures for the last six months and place them before this House. The reason for my submission is that, an ex-Chairman of the Railway Board is now working as the Director of Messrs. Bird and Co. I am not going to name him.

**Shri S. M. Banerjee (Kanpur):** That question was raised here.

**Shri Chintamoni Panigrahi:** It has been brought to your notice. When Messrs. Bird and Co. was not represented in the Standing Committee....

**Mr. Speaker:** What is his name?

**Shri Chintamoni Panigrahi:** Shri Budhwar.

**Mr. Speaker:** When was he the Chairman of the Railway Board?

**Shri Chintamoni Panigrahi:** The exact date I do not know, but that can be verified.

**Mr. Speaker:** Can't he be employed anywhere even after a long time?

**Shri Chintamoni Panigrahi:** Immediately after his retirement he took up the appointment as a director here.

**Mr. Speaker:** Is it that straight from the Railway Board he went there?

**Shri Chintamoni Panigrahi:** Yes.

**Mr. Speaker:** Was he dealing with Messrs. Bird and Co. while he was in the Railway Board?

**Shri Chintamoni Panigrahi:** He is at present the Director of Messrs. Bird and Co.

**Mr. Speaker:** Was Messrs. Bird and Co. doing any work with the Railways?

**Shri Chintamoni Panigrahi:** It used to get wagons for transhipment of

iron ore and other things from the Railways.

**Shri Harish Chandra Mathur** (Pali): This matter was discussed on the floor of the House and the Railway Minister explained the whole position.

**Sardar Swaran Singh**: That was several years ago.

**Shri Chintamoni Panigrahi**: He still continues as the Director of Messrs. Bird and Co. When Messrs. Bird and Co., had no position in the Standing Committee—because the Standing Committee has been formed only recently, on 1st November—they used to get 75 per cent of the quota so far as wagons are concerned from the Railways and the S.T.C. Now that it has been given representation in the Standing Committee which has been formed for the purpose of giving advice to the Government with regard to production, supply and movement of raw materials for the steel mills, the company has gained a great deal of prestige with the Government and it is trying to influence almost all the ministries including both the Commerce Ministry and the Railway Ministry. There are more than 300 Indian mine owners. I have received a telegram saying that their representative has not been taken in the Standing Committee. They have their own association.

**Mr. Speaker**: What is the strength of the Standing Committee?

**Shri Chintamoni Panigrahi**: Fourteen.

**Mr. Speaker**: Not one of the Indian mine owners is there?

**Shri Chintamoni Panigrahi**: No, Sir,

**Mr. Speaker**: Who are the rest?

**Shri Chintamoni Panigrahi**: They are: The Secretary to the Ministry of Steel, Mines and Fuel in the Department of Iron and Steel; the Secretary to the Ministry of Steel,

Mines and Fuel in the Department of Mines and Fuel or his representative; Member (Transportation), Railway Board; two representatives of Hindustan Steel Limited of which one will be a Director; a Director of Indian Iron and Steel Co. Lt.; a Director of Tata Iron and Steel Co. Ltd.; a Director of National Coal Development Corporation; three representatives of the Joint Working Committee of the Coal Industry; a Director of the State Trading Corporation; a Director of the National Mineral Development Corporation; a Director of Bird and Co. (Private) Ltd., the Coal Controller, Government of India, the Iron and Steel Controller, Government of India, and an officer of the Ministry of Steel Mines and Fuel in the Department of Iron and Steel.

If Messrs. Bird and Co. own a steel plant I can understand their being represented in the Standing Committee. But they have no steel plant of their own. That is why I have received a telegram saying:

"Bird monopoly supply Durgapur from Bolani Stop Bird also supplies Indian Iron Tata Rourkela Stop eightyfive per cent order and allotment of wagons to Bird alone stop Tata getting total six trains daily from Badampahar Barajamda Banspani section".

My humble submission is this. The Government has formed a Standing Committee I am glad that the Government has formed a Standing Committee because it is necessary that all activities so far as purchase is concerned must be co-ordinated so that we can get raw materials at a reasonable price. But by giving Messrs. Bird and Company representation in the Standing Committee you are giving more prestige to them and they will use that influence to the detriment of Indian mine owners whereby many Indian mines will have to close down, because Messrs. Bird and Company will again try to get all the quotas—whatever quota will now be

[Sh : Chintamoni Panigrahi]

left to be supplied from the market, after the Standing Committee is formed and the public sector iron ore mines are worked out.

With these words, I conclude.

**Sardar Swaran Singh:** Mr. Speaker, Sir, I must confess that I was greatly surprised about the criticism which the hon. Member has made about the constitution of this Advisory committee. I had occasion to place on the Table of the House Information about this Committee, and it is surprising that even after seeing that, the hon. Member should make a statement that only the director of Messrs. Bird & Co. has been included in this Committee.

**Shri Chintamoni Panigrahi:** Private mining interest.

**Sardar Swaran Singh:** Be patient. With regard to this matter, I would draw the attention of the House to the resolution which was placed on the Table of the House in reply to Starred Question No.552 dated 29-11-1960. The Government of India decided to constitute a standing committee on raw materials for the steel industry consisting of several representatives, and there are, against item (viii), as many as three representatives of the joint working committee of the coal industry. This joint working committee of the coal industry consists of a very large percentage of coal mine-owners in the country and even Shri Chintamoni Panigrahi will admit that there are several Indian mine-owners who are members of the joint working committee and they have sent their representatives. So, the objection that he raises again is absolutely without foundation.

**Shri Chintamoni Panigrahi:** What about the numerous small iron ore mining interests?

**Sardar Swaran Singh:** Let him wait a bit and be patient. He says that

the inclusion of a representative of Bird & Co. has given them prestige and has enabled them to get facilities. I do not know what precisely does he mean by prestige or facilities which he says they have got. This Committee was constituted very recently. Only one meeting of this Committee has taken place. What are the terms of reference of this Committee? The Committee will continuously study and advise Government on problems, short-term as well as long-term, relating to the production, supply and movement of coal, iron ore and other raw materials for the steel industry. This Committee, or a committee of this type, which is very essential to ensure a steady flow of raw materials to the steel industry should obviously consist of those people who have got anything to do with the supply of raw materials. I cannot place Shri Chintamoni Panigrahi in the committee—he is not supplying even one chattak of iron ore or limestone or coal to the industry. The very argument which he puts forward, namely, that they are one of the big suppliers of raw material to the steel industry, both public and private, is a very strong reason why they should be on the committee, because we should know what are the difficulties that are experienced by them and what are the facilities that should be afforded for a smooth and steady flow of raw materials to the steel plant.

Shri Chintamoni Panigrahi, coming as he does, from a mining area—and I presume that he is in touch with at any rate the workers in that area—should have by now acquired sufficient know-how with regard to the requirements of steel plants and the raw materials needed for the steel plants. He has brushed aside a very relevant and a very important factor, namely, that the supply of raw materials to the steel plants, particularly iron ore and coal, must be of a constant quality. Therefore, it is

very essential that we should have as large sources of supply of raw materials as possible. I will be very frank that in this context, the so-called small mine-owner will have very little share. Let us understand that. For a blast furnace, it is very important that the iron ore that it gets is of constant quality. Blast Furnace man is not happy if he gets for two days ore of very high quality and on the third day ore of a slightly inferior quality.

**Mr. Speaker:** What about a co-operative society?

**Sardar Swaran Singh:** That would not function. This question is academic. There are five big units requiring iron ore. For Indian Iron and Tatas, most of their supplies are from mines which they themselves have developed; they are free to get iron ore from any source they like which is best for them and we should not put any impediment in their right of purchase or in locating the sources from which they want to purchase.

So far as Government steel plants are concerned, I have made the position clear on more than one occasion that Bhilai steel plant is getting almost its entire requirements of iron ore from Rajhara mine, developed by the public sector. Rourkela will get iron ore from Barsua, where mechanical mining has already started. Durgapur will get iron ore from Bolani, which is a venture in which Government own a majority share. It is true there may be short-supplies of iron ore from time to time. Those short-supplies have to be made good by purchase from the market, which we organise through the STC. He should have welcomed that agency of STC, whom we employ for purchase of iron ore for feeding the steel plants to make good the short-supplies from time to time.

Therefore, I would strongly repudiate any insinuation that by the presence of any company, whether Bird and Company or the representatives of coal companies, by virtue of

their merely sitting in that committee, they are able to influence either the Ministry of Steel, Mines and Fuel or the Ministry of Railways, in the matter of giving facilities, is extremely unkind and it should not have been made. This Committee consists of 17 members: The Secretary, Ministry of Steel, Mines and Fuel, Department of Iron and Steel—Chairman; Secretary, Ministry of Steel, Mines and Fuel, Department of Mines and Fuel, member; two representatives of Hindustan Steel, a Director of IISO, a Director of Tatas, a Director of the National Coal Development Corporation, three representatives of the joint working committee of the coal industry, a Director of STC, a Director of the National Mineral Development Corporation, a Director of Bird and Company, Coal Controller, Iron and Steel Controller and an officer of the Ministry of Steel, Mines and Fuel. So, I do not know why he has developed the complex that merely because there is a representative of one company he is going to influence the other people. Influence in what? He conveniently forgets that the supply of raw material of requisite quality to the steel plants is very vital for the efficient running of the steel plants; it is not a thing which you can just pick up from any source. You must have the right type of raw material from the right source. He may or may not like it, but it is a fact that most of the limestone for the various steel plants—a good part of it—is supplied by Bird and Company. We are very much interested that they should continue to supply it and develop it. So, to say that the presence of a representative of a company influences others is wrong. Can the Hon. Member be influenced because there are people of that type sitting in a meeting with him? But he is tough enough and he can protect himself. To say that others representing Government sitting in a committee would be influenced because there is a representative of a company is not correct. I said assure him that if I am not overwhelmed by

[Sardar Swaran Singh]

some progressive ideas that Shri Panigrahi may have, surely I cannot very much deviate from the path of rectitude if a person whom he terms as a person from the right is sitting in a committee. I am keen that all these people that is, suppliers of coal and raw materials, transport people, the users, that is, the Directors of the various companies and representatives of the State Trading Corporation should sit together and they should in a co-ordinated manner try to locate as to which are the best sources and which are the efficient ways of moving the material. I was hoping that the constitution of this Committee which will review from time to time the various problems that confront the steel plants in the matter of building up of raw materials, the announcement of that committee would be welcomed by Hon. Members. It is surprising that the Hon. Member, somehow or other, simply because he sits in opposition benches and he perhaps always thinks that he must criticise whatever we do, is criticising the constitution of this Committee. These Committee, I think( has got a very practical and precise task to perform. And we have to recognize that these big centres of consumption like steel plants have to be very constantly fed with the raw materials of requisite quantity and of requisite quality.

I may, for the information of the hon. House, say that a steel plant itself is a real strain upon the transport system. A one-million steel plant creates a transport problem where they have to carry to the tune of about 7 million tons annually in the form of intake of raw material and dispersal of finished products like steel and other by-products. When the transport system is already strained, it is a sign of growth of our economy; really our economy has grown more rapidly than what we originally envisaged. So, the pangs of growth are there. The actual transport effort that the railways have to

put in is really much larger than what was envisaged by the growth of the economy. Therefore, every step has to be taken to rationalise the movement, to see that the wagons are not unnecessarily detained, to ensure that loading and unloading is quick, to ensure that the movement is brisk and it is absolutely necessary to sit in a meeting and sort out these points from time to time. If any assurance is necessary, I would say that it will be judging the Government very poorly if anyone is to suggest that the presence of one representative in a committee, when there are 17 members or so, will influence the policy of the Government. It may be the result of some complex in which the hon. Member finds himself in a grip. Certainly, Government is not in that grip.

**Shri Warior (Trichur):** Shall we take it that but for Bird & Company the steel plants are going to be starved, because that is the sum and substance of the picture he has drawn?

**Sardar Swaran Singh:** That is not correct. They are supplying good quality limestone and I wish them to continue to supply us. It is not easy to develop alternative sources. Iron ore is not the only thing.

**Shri Chintamoni Panigrahi:** What is the cost of assembling this limestone which Bird & Company are supplying to Durgapur?

**Sardar Swaran Singh:** It is obviously the railway freight from the source.

**Shri Chintamoni Panigrahi:** Now there is not enough time to quote figures. You yourself have admitted that the cost of production of iron ore of Bird & Company is Rs. 8·06. But when it reaches Rourkela or other places, how much is charged by them? How much do the other mine-owners charge?

**Sardar Swaran Singh:** I think the hon. Member is confusing iron ore with lime-stone. My reply was with

regard to lime-stone. I have already said that with regard to the public sector, they will get their requirements from the public sector mines.

**Mr. Speaker:** As we do in the Estimates Committee, Public Accounts Committee and the Business Advisory Committee, instead of a representative of the businessmen being there in the committee itself, could he not be invited to come and explain the matter from time to time as and when the necessity arises. Because, he may vote in his own favour. That is what is agitating the minds of the hon. Members.

**Sardar Swaran Singh:** There is no question of voting. No decision is taken there either to purchase or do anything. As I explained, they will continuously study and advise the Government on problems, short term as well as long term, relating to production, supply and movement of coal, iron ore and other raw materials. There is no question of voting.

**Shri Chintamoni Panigrahi:** May I say with regard to limestone, at Rourkela, it is Rs. 15 to Rs. 36? Can there be variation like that? In Bhilai, it is Rs. 13; in Durgapur it is Rs. 31. This is the difference.

**Sardar Swaran Singh:** Then what?

**Mr. Speaker:** It is the presence of that gentleman, he says, that has induced them to pay abnormally when it is only Rs. 13 to 16 in the one and Rs. 31 in the other. That is their allegation.

**Sardar Swaran Singh:** Can you believe such a thing?

**Mr. Speaker:** I do not believe.

**Sardar Swaran Singh:** He is here only for the last four weeks. The figures that he is quoting are about

a period long ago, unless in the hope that he might one day sit on the committee, we have been giving higher prices. If that is the way they judge, I have nothing else to say.

**Shri Chintamoni Panigrahi:** Let there be an enquiry.

**Mr. Speaker:** These are matters which either the Estimates Committee or the Public Accounts Committee will look into. If there is a proper case and there is such a difference between Rs. 13 and 15 on the one side and Rs. 31 on the other side, and it is alleged that it is all due to one individual who has come to the Railway from Bird and Co. and sitting there, certainly that would be examined. But, you must lay sufficient material before the House and before the hon. Minister. He will himself look into it.

**Sardar Swaran Singh:** I would certainly look into it. Even he cannot allege that there is that differential. He is trying to say that because the sources of supply are a little far removed from a certain place of consumption and therefore when we add the freight to the original price, the cost that a particular consumer has to pay is high. He himself does not allege that he is selling at that high price.

**Shri Chintamoni Panigrahi:** Why this is being done? That is the question.

**Mr. Speaker:** The House will now stand adjourned to meet again at 11 A.M. tomorrow.

17.53 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Friday December 16, 1960/Agrahayana 25, 1882 (Saka).