

RAJYA SABHA

Monday, the 8th June, 1998/ 18
Jyaistha, 1920 (Saka)

The House met at eleven of the clock, Mr. Chairman in the Chair.

MR. CHAIRMAN: Q. No. 161. Shri Solipeta Ramachandra Reddy.

SHRI SOLIPETA RAMACHANDRA REDDY: Sir, Q. No. 161.(interruptions)....

SHRI N. THALAVAI SUNDARAM: Sir, we have a problem in Tamil Nadu....

MR. CHAIRMAN: No problem, nothing during the Question Hour.(interruptions).... Nothing during the Question Hour. Mr. Reddy.

SHRI SOLIPETA RAMACHANDRA REDDY: Sir, I have put the question.(interruptions)....

MR. CHAIRMAN: Nothing during the Question Hour. Nothing during the Question Hour.(interruptions).... Nothing during the Question Hour.(interruptions).... Minister of Steel.(interruptions).... Minister of Steel. Minister of Steel, where are you? Are you sleeping? Please reply to his question.....(interruptions).... No; please.....(interruptions)....*. No; Please. Nothing during the Question Hour.(interruptions).... Nothing during the Question Hour. Nothing will be allowed. Nothing during the Question Hour.(interruptions).... Nothing during the Question Hour.....(interruptions).... Nothing during the Question Hour. Nothing during the Question Hour.

SHRI IM. THALAVAI SUNDARAM: We have a problem, Sir.

MR. CHAIRMAN: You can take it up at 1 o'clock.....(interruptions).... Nothing during the Question Hour.(interruptions).... No, no; I am not allowing you(interruptions)....-... Nothing will go on record.(interruptions).... Nothing during the Question Hour. Nothing during the

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Question Hour.....(interruptions)....
Please go to your seats.

ORAL ANSWERS TO QUESTIONS

Sponge Iron Plants

*161. SHRI SOLIPETA RAMACHANDRA REDDY: Will the Minister of STEEL be pleased to state:

(a) whether it is a fact that Government have evolved any long-term policy to encourage sponge iron plants;

(b) if so, whether it is also a fact that sufficient incentives have not been given to boost sponge iron production;

(c) the number of sponge iron plants in the country;

(d) the present level of production of sponge iron in the country;

(e) whether it is also a fact that Andhra Pradesh has necessary attributes for sponge iron industry; and

(f) if so, the steps proposed to encourage sponge iron industry in Andhra Pradesh?

THE MINISTER OF STEEL AND MINES (SHRI NAVEEN PATNAIK): (a) to (f) A Statement is laid on the Table of the House.

STATEMENT

(a) and (b) The Government have been encouraging the growth of sponge iron industry in the country. The important policy measures in this regard are:

- (i) freeing the sector from requirements of licensing and registration, except for certain locational restrictions;
- (ii) permitting Foreign Direct Investment (FDI) upto 74% of equity and Foreign Technology Collaboration Agreements upto US \$ 2 million on the Automatic Approval route; and

(iii) assisting the sector in obtaining allocation of coal and natural gas.

(c) There are 23 sponge iron plants in the country.

(d) Production of sponge iron in the country during 1997-98 was 5.31 million tonnes (provisional).

(e) and (f) Relative proximity to coal and iron ore sources in the neighbouring States of Madhya Pradesh, Orissa and Karnataka are positive attributes for setting up sponge iron plants in the State. However, under the extant industrial policy regime, the decision to invest in sponge iron industry in Andhra Pradesh would be dependent upon perceptions of its commercial viability.

SHRI SOLIPETA RAMCHANDRA REDDY: Sir, sponge iron is a substitute for scrap used as a raw material for steel manufacturing. The rise in scrap imports predicts a bleak future for the sponge iron industry. The Sponge Iron Industry Ltd., thriving on coal and iron ore from Andhra, was running in profit in 1995-96, but ran into losses in 1996-97. I would like to know from the hon. Minister the cause of losses in the Company and the steps proposed to be taken to make the Company viable, as in the past, by reducing the cost of production.

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, the reply to the hon. Member's question is, the Steel Ministry has always been the pioneer in the sponge iron industry. We set up a plant. Even the foundation stone was laid in the State of Andhra Pradesh in the late '70s, for a demonstration plant. It then went into production in 1981. So, we have been the pioneer in this industry. The Steel Ministry has always encouraged the sponge iron industry.

SHRI SOLIPETA RAMACHANDRA REDDY: Mr. Chairman, Sir, as imports of cheap steel scrap, the sponge iron substitute, registered an increase, the sponge iron industry faces uncertainty.

Part (a) of my question is this. I want to know from the hon. Minister what the Government proposes to do in regard to this shortage of the scrap and the details of the Consultancy Services Agreement made by the Sponge Iron India Company; if any; (b) the Mexican Steel Company has shown interest in our Plant in June, - 1996. I want to know whether India is extending its consultancy services to that Company or to any other country to earn foreign exchange and reduce the gap of loss for the Sponge Iron India Ltd.

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, to answer the hon. Member's question, the main reason for a decline in the profitability of SIIL is closure of consuming units in Andhra Pradesh in general and AP Steels Ltd., Parlochna, in particular forcing the Company to market its products to further areas in the State entailing higher transport costs. As far as the Mexican Company is concerned, no such details are available with us. We will try to find out the details.

SHRI SOLIPETA RAMCHANDRA REDDY: Sir, they came in 1996, and they wanted consultancy. It is surprising that the Minister does not know that.

SHRI DIPANKAR MUKHERJEE: Mr. Chairman, Sir, my question is on an all-India perspective. The question is really on the sponge iron industry in Andhra Pradesh. As far as I am aware, the sponge iron industry is using arc furnace. It is a power-intensive industry. In view of the present power scenario in the country, whether the Steel Ministry is in touch with the Power Ministry, I would like to know whether they have made any prospective study of the sponge iron industry *vis-a-vis* the position of power in the country and, if so, whether a detailed report can be given to the House.

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, as far as the power problem of the sponge iron units is concerned, our Ministry, that is, the Steel Ministry, has been interacting with the

Power Ministry. I would like to mention the benefits that we have given to the sponge iron industry. I have mentioned earlier about the demonstration plant, S1IL, in Andhra Pradesh. The delicensing of sponge iron industry began as early as 1985. Foreign direct investment was allowed in the post-1991 liberalisation period. Now up to 74% that is, up to two ^k million US dollars, foreign direct investment can be made. The Steel Ministry has set up a linkage committee to solve the problems relating to the Railway Ministry as also the Coal Ministry. Good quality of iron ore should be produced and good quality of iron ore should be given to the sponge iron producers. In the short period that our Government has been there a DEPB centre has been given to this industry, it has gone up from 4% to 8%. It has helped this industry. The policy of delicensing the coal mines in the present Budget will help the industry.

SHRI DIPANKAR MUKHERJEE: Sir, I have asked about power. It is a power-intensive industry. How do you view the prospect of sponge iron industry in the country as a whole in view of the power scenario in the country? I would like to know whether any study has been made on that. Everywhere we find that there is a power problem. It is a power-intensive industry. I would like the Government to review the prospect of sponge iron industry *vis-a-vis* the power scenario. It has not been done. He can get the details and inform us.

SHRI NAVEEN PATNAIK: Mr. Chairman, Sir, I fully realise that the sponge iron industry is electricity-based. We are in touch with the Power Ministry and the State Governments on this matter. I would like to tell you, Sir, that we have introduced the DEPB which is a great incentive to the sponge iron industry. According to the policy in the present Budget, I repeat that delicensing of coal mines is there. So, better quality of coal will be produced due to delicensing. We have requested the

Finance Ministry, to make a total increase of 5%. We are discussing this question again. The NDMC used to increase the iron ore prices by 10% every year. On the Steel Ministry's intervention — it has been done during the short period of our Government it is has been decided to make it negotiable. So, now the increase will be confined to 5% to 6%. It has been increased by 10% for the last three years. As far as the present Railway Budget is concerned, there was 10% increase in the last year.

MR. CHAIRMAN: Your answer should be specific. This is not required. You can lay it on the Table of the House.

SHRI SANJAY DALMIA: Sir, I would like to know out of the 23 steel plants, how many are gas-based and whether all the gas-based plants are now entitled to the same subsidised gas price or whether all the gas-based plants in future will be entitled to the same subsidised gas price which is being given now.

SHRI NAVEEN PATNAIK: Sir, out of the 23 sponge iron units, three are gas-based and 20 are non-coking coal-based. The question that the hon. Member has put is under serious consideration. I am sure that the issue he has raised would henceforth be encouraging.

SHRI SANJAY DALMIA: Sir, I have asked whether the gas-based sponge iron plants are getting subsidised gas and whether the same policy will continue in the case of sponge iron plants in future. Are all of them getting subsidised gas?

SHRI NAVEEN PATNAIK: Sir, if the hon. Member could submit a separate notice, I will be coming forth with all the details which he requires.

SHRI VEDPRAKASH P. GOYAL: Sir, the fate of sponge iron is linked with mini steel plants. In this power scenario, at least, 200 mini steel plants have been closed down. Who is the buyer of sponge iron, whether produced by coal or by gas? Out of the 23 plants how many

plants are operating? Is it possible to stop the import of scrap if we produce more sponge iron?

SHRI NAVEEN PATNAIK: Sir, the all round increase of 8 per cent duty in this Budget and the prices of imported scrap having gone up, are going to benefit the sponge iron industry. With the increase in import duty the price of sponge iron products has increased. In fact, it is going to benefit the sponge iron industry.

SHRI JAYANT KUMAR MALHOUTRA: Sir, this is a power intensive industry. My specific question is: In view of the very poor power scenario, throughout the country is there any scheme before the Ministry of Steel to give subsidy to those units which are prepared to put up captive power plants. The sponge iron units are prepared to put up captive power units. Would they get any subsidy or any support from the Government?

SHRI NAVEEN PATNAIK: Sir, as I said earlier, we are in touch with the Power Ministry and with the State Governments. Since the Steel Ministry has always been a facilitator, we are negotiating with the State Governments and with the Power Ministry for the benefit of the sponge iron industry.

MR. CHAIRMAN: 6 Question No. 162.

SHRI RAM NAIK: Sir, the hon. Labour Minister has gone to Geneva to attend a meeting of the International Labour Organisation. This question was to be replied to by the Power Minister, Shri R. Kumaramangalam. He is held up in Lok Sabha. So I am venturing to reply on behalf of both of them.

दिल्ली में प्रदूषण फैलाने वाले उद्योगों को बन्द किया जाना

*162. श्री जनेश्वर मिश्र :†

श्री रामचन्द्रन पिल्लै :

क्या श्रम मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि उच्चतम न्यायालय ने दिल्ली में 168 उद्योगों को हानिकारक तथा प्रदूषण फैलाने वाले एकक मानते हुए उन्हें बन्द करने का आदेश दिया था;

(ख) क्या यह भी सच है कि उच्चतम न्यायालय ने इन उद्योगों के नियमित तथा नैमित्तिक कर्मचारों के लिए कुछ राहत तथा मुआवजे के आदेश दिए थे;

(ग) यदि हां, तो क्या यह सच है कि उच्चतम न्यायालय के आदेशानुसार कर्मचारों को मुआवजा नहीं दिया गया है;

(घ) क्या सरकार इन कर्मचारों को मुआवजा दिलवाने के लिए कोई समेकित एजेंसी बनायेगी; और

(ङ) यदि हां, तो कब तक और यदि नहीं, तो उसके क्या कारण हैं?

रेल मंत्रालय में राज्य मंत्री और संसदीय कार्य मंत्रालय में राज्य मंत्री (श्री राम नाईक) :

विवरण

भारत के माननीय उच्चतम न्यायालय ने जुलाई, 1996 में राष्ट्रीय राजधानी क्षेत्र दिल्ली से 168 बड़े/मध्यम/जोखिमकारी/ हानिकारक उद्योगों को इस आधार पर बंद किए जाने के निदेश दिए कि दिल्ली के मास्टर प्लान के उपबंधों के अनुसार, इन इकाईयों को यहां से संचलित किए जाने की अनुमति नहीं दी जा सकती। भारत के माननीय उच्चतम न्यायालय ने निदेश दिया था कि ये उद्योग राष्ट्रीय राजधानी क्षेत्र में स्वयं पुनः स्थापित हो सकते हैं और पुनर्स्थापना के लिये सभी सुविधाएं प्रदान की जाएंगी।

कामगारों के संबंध में, माननीय उच्चतम न्यायालय ने अन्य बातों के साथ साथ निम्नलिखित निदेश दिए :

(क) कामगारों को उस कस्बे अथवा स्थान पर रोजगार में नियमित माना जाएगा। जहां उस उद्योग को स्थापित किया जाएगा। उन्हें होने वाली हानि से बचाने के लिए उनके रोजगार की शर्तों में परिवर्तन नहीं किया जाएगा।

†सभा में यह प्रश्न श्री जनेश्वर मिश्र द्वारा पूछा गया।