

**THE CHAIRMAN:** Question No. 83, Shri Ghufraan Azam.

\*83. [The Questioner (Shri Ghufraan Azam) was absent For answer vide Col. ....infra]

#### Coal price fixation by BICP

\*84. **SHRI PARMESHWAR KUMAR AGARWALLA:** Will the Minister of COAL be pleased to state:

(a) whether it is a fact that after abolition of the then Coal Board, after nationalisation of the coal industry, the price of coal is being reviewed and fixed by the Bureau of Industrial Costs and Prices (BICP);

(b) whether BICP has submitted its final report, if not, what are the details of the interim report submitted by it;

(c) what are the parameters followed by the BICP in fixing and reviewing the coal prices; and

(d) how far these parameters are objectively followed in reviewing and fixing of the prices from time to time?

**THE MINISTER OF STATE OF THE MINISTRY OF COAL (SHRI AJIT KUMAR PANJA):** (a) In December 1981, the Government asked Bureau of Industrial Costs and Prices (BICP) to undertake a comprehensive study of coal industry including coal prices. The report of the study was made available in 1983. Prices of coal were revised in 1984 in accordance with the recommendations of BICP. BICP undertook a second study of coal industry in 1985 and coal prices from 1987 onwards are being revised in accordance with the recommendations of this second study report.

(b) to (d) A Statement is laid on the table of the house.

#### Statement

(b) No. Sir. BICP have undertaken their third comprehensive study of the coal industry since 1991 on various as-

pects including pricing of coal. Their interim recommendations, received in 1992 mainly related to coal pricing besides grading, environmental problems etc.

(c) and (d) The main cost components considered by BICP in their last report for fixation of coal prices include wages, costs of inputs, interest, depreciation and pre-tax return. Changes in these cost-components have been linked to various indices or actuals for working out increases in coal prices and as such the increases are based on objective criteria.

**SHRI PARMESHWAR KUMAR AGARWALLA:** Mr. Chairman, Sir, I am grateful to you for admitting this question which is so vital for the Indian economy. I had asked an Unstarred Question, No. 296 on 6.12.1993, on this subject. The reply was absolutely avasive. Then, I asked another Question No. 759, on 1.8.1994. In reply, it was admitted that retired officers of Coal India were advisers to the Bureau of Industrial Costs and Prices (BICP) in the fixation of coal prices. However, my request for a copy of the interim recommendation of the BICP was refused on the grounds that it was a sensitive subject. Sir, I do not understand what is the sensitiveness in a report on fixation of coal price in a regime of open economy in our country, particularly when the subject was referred to on the floor of the House itself. Therefore, I ask my first question to the hon. Minister. It appears that fixation of coal price is a manipulated affair keeping enough margin of profit. Otherwise, how is Coal India making so-called profits during the last two years even with a shortage of coal stock of approximately 25 million tonnes worth Rs. 1000 crores approximately, out of a total stock of 50 million tonnes worth Rs. 2000 crores?

**SHRI AJIT KUMAR PANJA:** As far as part (a) of the question is concerned in December 1981 the Government asked the Bureau of Industrial Costs and Prices, BICP, to undertake a

comprehensive study of the coal industry including the coal price. The report of this study was made available in 1983. The prices of coal were revised in 1984 in accordance with the recommendations of the BICP. The BICP undertook a second study of the coal industry in 1985 and the coal prices from 1987 onwards are being revised in accordance with the recommendations of the second study report.

Sir, the answer to part (b) to (d) is laid on the Table of the House.

Sir, so far as the supplementary is concerned, I have answered in detail in what manner the BICP makes a recommendation and also on the floor of the House it has been upheld that this is a report the details of which could not be disclosed because it does not remain within the boundaries of India. As soon as it is stated it goes elsewhere. Sir, it is a commercial transaction. With the opening up of the economy, we have to be more careful in dealing with this sensitive subject because 70 per cent of the commercial energy depends on coal. Therefore, while dealing with coal we have to be very careful because 70 per cent of commercial activity are going to be touched by this sensitivity. That is why we did not disclose to the hon. Member and that answer was accepted by this House that these are the general points on which the BICP decides. So, far as the details are concerned, I need not disclose them on the floor of this House. That is why I wrote a letter to the hon. Member stating that it was not possible to disclose the details. These are the general parameters by which the BICP recommends.

**SHRI PARMESHWAR KUMAR AGARWALLA:** What is the use of a letter when the details are not disclosed?

**MR. CHAIRMAN:** The Minister has explained the reasons for it.

**SHRI PARMESHWAR KUMAR AGARWALLA:** It is absolutely wrong to say that it is not possible in an open economy regime. The other day about the prices of tyres everything came in

the Press. Why is it not possible in the matter of coal? The information we want is not available even officially. My second question is that in the open regime of the economy, cost reduction, improvement of efficiency, quality control are a must. How does your Ministry propose to put the Coal India on the similar footing of competitiveness in terms of efficiency, in terms of cost reduction and improvement of quality at par with the other core sector industries in the country?

**SHRI AJIT KUMAR PANJA:** Sir, we are undertaking studies. In fact, the hon. Member takes personal interest in this industry and writes several letters to me.

**SHRI PARMESHWAR KUMAR AGARWALLA:** How do you know that I am personally interested in this industry?

**SHRI AJIT KUMAR PANJA:** When I said personal interest in this industry, I mean in this Ministry. The hon. Member is a holder of diploma in coal mining. I think I am right.

So far as the cost of production, the quality of production, etc. of the Coal India as a company are concerned, the first is to take the best materials available and for that open tender is made and the companies of repute give their quotations. They are accepted by a group of experts. That is why there are two ways of doing it: one is technical assessment which means quality; and the other is the price. Sir, so far as other points are concerned, we are trying to increase the output per man shift, so that the cost of production also can be competitive. Sir, we are keeping a watch over the price of coal of our nearby competitors like New Zealand, Australia and others. So far as the Coal India is concerned, whenever they seek any advice, we advise them. So, both the factors are being taken care of for the purpose of pricing the coal.

**MR. CHAIRMAN:** Shri Ashok Mitra.

SHRI ASHOK MITRA: Sir, encouraged by the Minister's statement, I would like to put my question. Two matters, even in the liberalised economy, important data, are to be kept from the knowledge of the foreigners because this is a very important concession. Usually our experience is that whenever a 'White' comes in, the Ministries open their portals and all the data is supplied to them. But a native research worker, an honest Indian student doing Ph.D. goes and knocks for some data and that data is denied by the Ministry. But I am not worried on that account. My worry, my concern, is about something else. Normally, from whatever little economics we read in our text-books we understand that the royalty that is paid to somebody from out of the profits cannot be added to the price because royalty is from the element of profits. But I have been noticing that, of late, the Government of India announces certain royalties for the State Governments and then adds this royalty to the price and the market price immediately shoots up.

MR. CHAIRMAN: please put your question now.

SHRI ASHOK MITRA: Then the Union Government turns back and tells the people, "What can we do, the prices have risen on account of the royalty we have to pay to the State Government." This, I am sure, could not have been recommended by the BICP because the BICP does still consist of at least some economists. So I would like to know the principle on the basis of which the Ministry has been conducting its price raising affairs with respect to coal.

SHRI AJIT KUMAR PANJA: The prices are governed by the Colliery Control Order 1945 and then continued in force under the Essential Commodities Act was passed. This Act was passed by this House. Royalty and price are the two questions, so far as coal is concerned. Sir, when royalty is charged, it has to be paid to the State Government because

the coal-bearing land belongs to the State and for that, some amount has to be paid to them. Even when there is no production, a dead rent is paid to the State Government. So far as price and other important charges are concerned, the coal India have got a right for the purpose under the Essential Commodities Act read with the Colliery Control Order, to impose or to fix price and also other charges necessary to be done. On that basis, on a long tested set principle, these two factors are decided.

MR. CHAIRMAN: Shri G. V. Patil,

SHRI GOPALRAO VITHALRAO PATIL: I want to know whether there is any surplus labour force in this Company and whether that is adversely affecting the price of the coal which is determined ultimately. The labour is there in surplus and that is in thousands. That is adversely affecting the price of coal which is determined by the Company. Is it a fact and how much labour is there which is in surplus?

SHRI AJIT KUMAR PANJA: Yes, Sir. So far as Eastern Coal Fields Limited and BCCL i.e., Bharat Cooking Coal Limited, are concerned, we have surplus labour, but we cannot just turn them out. They are working for a long time. Therefore, we have adopted a policy of either re-employing them gradually in the new mines being opened or of having a golden handshake with them so that they can retire. So, far as the total number of surplus labour is concerned, it is not with me. This does not arise from this question, but I will inform the hon. Member what the surplus labour is in the ECL and the BCCL.

AN HON. MEMBER: It affects the price.

SHRI AJIT KUMAR PANJA: It does affect the price...

SHRI VIREN J. SHAH: Mr. Chairman, Sir, it arises from the cost effect. If there is a question on BICP cost, not to have the numbers which are surplus...

MR. CHAIRMAN: But the Minister promised to send it. He does not have it with him now.

SHRI AJIT KUMAR PANJA: I will send it.

SHRI VIREN J. SHAH: It arises out of this. He should have the numbers. How can he not have the information which is related to the main question?

SHRI AJIT KUMAR PANJA: Sir, to my mind, so far as the surplus labour in ECL and BCCL is concerned, it is affecting. But the total number is not with me. I will inform the hon. Member.

MR. CHAIRMAN: Question No. 85. I am clubbing it with Question No. 97 which is also on the same subject.

#### Decontrol of Sugar

†\*85. SHRI SOM PAL

MISS SAROJ KHAPARDE :

Will the Minister of FOOD be pleased to state:

(a) whether it is a fact that the Indian Sugar Mills Association has currently been lobbying for decontrol of sugar and has been approaching Government for the purpose.

(b) if so, whether the Indian Sugar Mills Association is seeking decontrol of sugar prices and distribution only or even delicensing of the industry; and

(c) what is the reaction of Government in this regard and by when it is going to take decision?

THE MINISTER OF FOOD (SHRI AJIT SINGH): (a) Yes, Sir.

(b) The Indian Sugar Mills Association has made representations from time to time wherein they have recommended to Government a policy of decontrol of sugar prices alongwith automatically in sugar releases.

†The question was actually asked on the floor of the House by Shri Sompal.

Question Nos. 85 and 97 were discussed together.

The stand of the Indian Sugar Mills Association in respect of licensing is that expansion of capacity should be delicensed. However, in regard to new units they have expressed certain reservations.

(c) For the present, the Govt. intends to continue the existing policy of partial control with a dual pricing system.

As regards delicensing of the sugar industry, the present licensing policy, including the option of delicensing, is being reviewed by the Government.

#### Production and demand of Sugar

\*97. HSHRI VIREN J. SHAH:†

SHRI PRAMOD MAHAJAN:

Will the Minister of FOOD be pleased to state:

(a) what is the estimated production and demand of sugar during the year 1995-96 and also the production and demand in 1993-94 and 1994-95;

(b) what steps Government have taken to ensure the normal production and availability of sugar to consumers at reasonable prices;

(c) whether there is any proposal to decontrol sugar; if so, what are the details and the present position in this regard;

(d) whether Government have examined the recommendations of the Gian Prakash Committee Report on sugar import scandal; if so, what are the details thereof, what has been the extent of loss caused to exchequer due to non-coordination of Government Departments resulting in delay in the import of sugar and rise in its prices;

(e) what action Government have taken against each of the persons in the Ministry of Food, Food Corporation of India, STC, etc. found responsible for delay in import of sugar and losses caused to the exchequer; and

†The question was actually asked on the floor of the House by Shri Viren J. Shah.

Question Nos. 85 and 97 were discussed together.