

RAJYA SABHA

Friday, the 21st November, 1986/30
Kartika, 1908 (Saka)

The House met at eleven of the clock,

Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Supply of steel to public sector undertakings's

*261. SHRI JAGESH DESAI: "Will the Minister of STEEL AND MINES be pleased to state:

(a) whether it is a fact that public sector undertakings are not getting their supplies of steel in time and as a result their production programmes are badly affected; and

(b) if so, what steps Government propose to take to remedy the situation?

THE MINISTER OF STEEL AND MINES (SHRI K. C. PANT): (a) and (b) No specific instances have come to our notice where production programmes of public sector undertakings had been badly affected due to non-availability of steel materials in time. However, reports of shortages of certain categories of materials have been received in the recent past. The allocations and supplies of steel materials are made based on the requirements and indigenous availability. Where indigenous availability is inadequate, imports are allowed.

SHRI JAGESH DESAI: Mr. Chairman, Sir, there is record production of saleable steel manufactured in SAIL. In the month of October, 1986, saleable steel was manufactured to the extent of 5.71 lakh tonnes. As regards the Salem plant, the production of stainless steel has gone up and they have been working at more than the rateable capacity from April to October. In spite of the increase of 170 crores on account of inputs, the steel industry has made a profit of 100 crores in 1985-86 without

increasing the prices of steel and for that I congratulate the Minister and the Management. In spite of that, there are several items of different specification of steel which are not available for the public sector undertakings which manufacture equipment for defence and priority industries and as such there programme is hampered. They are incurring losses. I would like to know from the hon. Minister whether a scheme can be formulated by which, taking into account those items which they manufactured on the first of every year, if certain items are not available with SAIL, they can say that these are the items manufactured by us and the remaining items can be imported. Every time, the public sector undertakings have to go to the Steel Ministry-..

MR. CHAIRMAN: Two minutes over.

SHRI JAGESH DESAI:... In order to find out whether that item is available or not. Then they give a certificate that this item is not available and then only imports can be made.

MR. CHAIRMAN: The Minister has understood your question. Mr. Minister.

SHRI K.C. PANT: First of all, I would like to say that broadly speaking, the production curve is higher than what it was last year. So my hon. friend is quite right when he quotes the figures. But there have been difficulties in some plants. Bokaro had some difficulty with regard to power supply, for instance. There have been some difficulties in the enforcement of greater discipline in some of the steel plants and the production of certain categories of steel has been affected. Even though the overall production figure may look all right, the shortfalls in the production of certain categories have risen. My friend suggests that if SAIL cannot produce an item, it should be imported. That is exactly what is attempted today. The overall plan is drawn up in the beginning

Of the year on the basis of availability and demand and an import ceiling is also fixed at that time. Subsequently, they go into details every quarter. What does happen is that in some cases, because of various requirements like calling for global tenders or open tenders and foreign exchange requirements, the period is rather long. The intention is exactly what my hon. friend has suggested.

SHRI JAGESH DESAI: Mr. Chairman, Sir, the meeting of the Joint Plant committee is to be held on 24-11-86 and the Government has conveyed to the JPC its approval of the salient features and the guidelines for the disposal of steel. Now, there are four categories, that is, A, B, C and D. In category A, for purposes of priority, Defence, Central Government Undertakings, etc. are included and also house-builders. In Category B—this is how priority is given—municipal corporations and zila Parishads are included. I would like to know from the honourable Minister whether they will give top priority, priority under Category A to the public sector undertakings and whether the local authorities also would be considered for inclusion under Category A.

SHRI K. C. PANT: Sir, in Category A, public sector undertaking's are there. It covers public undertakings in the Central sector and it covers, for instance, all the steel plants. It covers the Railways; it covers the Small Industries Corporations; it covers the coal sector; it covers the public sector heavy engineering units under the Department of Public Enterprises; it covers the fertilizer sector; it covers the cement sector; and it covers all these public sector undertakings. But it does not cover the State Government Undertakings or projects and there are some Central projects which are not covered under Category A. But this is correct. In any scheme of distribution you have to draw a line. About 60 per cent material is covered under Category A and the remaining 40 per cent is for the rest and this 40 per cent includes public utility services and it includes

I hospitals and schools which are under Category C. So, it is very difficult to draw a line. I am prepared to sit with my honourable friend and show him the whole list. But it is not easy to draw a line in these matters. We have drawn up this list and if there are any suggestions for improvement, I will welcome them.

MR. CHAIRMAN: Yes, Mr Nirmal Chatterjee.

SHRI JAGESH DESAI: Sir, House Builders are in Category A whereas municipal corporations and others are under Category B. This is my objection.

SHRI NIRMAL CHATTERJEE: Sir, on the question of priority, I entirely agree with the Minister that it is extremely difficult to draw a line. In fact, it will certainly depend on the quantum. Take the case of housing. If you think of delivering five tonnes for this it may be very urgent compared to five tonnes which may be delivered to a public sector undertaking. So, this kind of priority on the basis of or in terms of quantity also may have to be decided instead of having the blind priority that you are having like Category A, Category B, etc. This is a suggestion which the honourable Minister may kindly consider.

There is another point. The Minister has said that he has no information about the difficulties in the public sector enterprises or perhaps anywhere else due to lack of supplies or due to shortfalls in supply of steel. In fact, what happens is that when the allocations are made, the time-schedule is not simultaneously made and, so, what actually happens is, there is delayed supply and delayed production, and therefore, there is cost escalation, etc. My question, therefore, is whether, while allocating, a tight schedule of delivery and implementation of that schedule, tight schedule, will be there all round and not merely for the public sector enterprises. Can this be attempted by the Steel Ministry?

There is another question. There are several critical items in steel for which we continue to depend on imports. I was talking to the Heavy Engineering Corporation people and they said that they are still continuing to depend on imports for sheets. Is there any time target for the manufacture of such imported items inside the country?

SHRI K. C. PANT: Sir, with regard to the point regarding quantity, the house-builder wants small quantities. First, secondly, seventy-five per cent he buys from the mini-steel sector and twenty-five per cent from the integrated steel plants. Secondly, Sir, it covers the whole number of people spread all over the country. If you give them a certain preference, then you will agree with me that it will help to give satisfaction to a very wide range of customers.

Now on the other point—about complaints, whether we have not received complaints, we have received complaints, but I have only said that we have not heard about any major setback to projects of that kind. We have received complaints, they are looked into, I have details here of all the complaints received and what is being done about them. We pay attention of them promptly.

Now with regard to having a tight schedule, there is in fact a tight schedule and every quarter they draw up a detailed plan. This is a very big exercise which is carried out all over the country. Every customer is identified, he has to register his demand and then the JPC draws up a movement plan. Railways are included in the JPC and steel moves to those areas. Now suppose, as I said, power in August was so short that in Bokaro, for instance, production fell sharply. Now certain categories of steel, particularly the flats which Bokaro produces, were in short supply. And then they did not move. Thereafter imports are allowed. But there is a very serious attempt to see now that there is no mismatch between what the

customer requires and what is produced. There is a tendency for mismatch to develop. SAIL is particularly looking into this problem. I can assure my hon. friend that whatever we can make, we are making and wherever there are gaps, we fill them. There are not many categories of steel now which we do not make. I am talking of carbon steel. There may be categories of alloy steel which we do not make, but in carbon steel, we make virtually the whole range.

MR. CHAIRMAN: The point is whether you are making any attempt for import substitution of sheets required for automobiles.

SHRI K. C. PANT: There are particular kinds of sheets required for automobiles. This also we will go in for.

SHRI LAKSHMI KANT JHA: Sir, it seems to me that when all over the world there is a glut of steel, we must ask ourselves why should we in India—because we are producing so much—not have a situation in which every demand for steel is satisfied in a very reasonable time. I agree with Mr. Chatterjee's emphasis on the timing of deliveries. Is there not a way of looking at the regulatory mechanism to bring about such changes as will eliminate the delays and ensure deliveries? Steel is not eaten by people; it is a basic raw material. Imports of steel-made products have been liberalised, but still steel continues to be on the scarcity list and subject to a very tight regime of allocation which involves many authorities. If I may venture to put a suggestion to our Minister for consideration, why shouldn't public sector steel plants be allowed freedom to import on condition that on every order they receive, they will agree to deliver within three months, with guarantee on either side—the order placer should deposit the money and if the plant defaults, it will pay the penalty. Then it will import only what it does not produce. But is there not some way—this is not the only answer—and is it not time to think of something more

radical than merely avoiding delays here and there?

SHRI K. G. PANT. Sir I personally told myself in sympathy with that concept and we had a discussion in the Government to try to see if we could accept this. Now the problem that arises is that in the present balance of payments position, the Commerce Ministry is, very keen that there should be an attempt to get counter trade deals along with our exports. So MMTTC being the major canalising agency, would prefer to have this leverage and so this is the reason why this was not possible. Otherwise the idea was considered and this is certainly one of the ideas that could lead to a much quicker inflow of material. Sir the other problem is that when actual users are public sector undertakings, they not only have to follow the usual procedure of CCI&E and foreign exchange etc. but they also have to float tenders and it takes time. Then there is the period of delay into which we are trying to look. It requires certain procedural...

SHRI JAGESH DESAI: That also requires that you get a certificate from the SAIL and then you allow it.

SHRI K. C. PANT: That part we can't certainly do. There is no problem there. I had a case study done of a case to find out how long it takes, in which Ministry and where. There is no problem in that. But the problem arises thereafter. Thirdly there are OGL imports. Then there are a few items under REP imports. Since the hon. Member is so knowledgeable, I would like to float another idea. If there is a kind of buffer stock, I would like to know who should finance this buffer stock.

MR. CHAIRMAN: Next question. Hon. Members absent.

•262. *The questioners (Shri Radha Krishan Malaviya and Shri Suresh Pachouri) were absent. For answer, vide Cols. 33-34 infra.*

MR. CHAIRMAN: Question No. 283.

Prices of chemical fertilizer

*283. SHRIMATI KANAK MUKHERJEE: Will the Minister of AGRICULTURE be pleased to state:

(a) the prices, per tonne, of different chemical fertilizers- from 1983 to 1988-87, year-wise; and

(b) the total amount of additional resources collected through those price hikes during the period from 1983 to 1986, year-wise?

THE MINISTER OF STATE IN THE DEPARTMENT OF FERTILIZER IN THE MINISTRY OF AGRICULTURE (SHRI R. PRABHU): (a) and (b) A statement is laid on the Table of the Sabha.

Statement

(a) The prices per tonne of different selling prices of fertilisers, one on 1986.87 are given in the Annexure.

[See Appendix CXL Annexure No. 66.]

(b) There were two revisions in the selling prices of fertilisers. One on 29th June, 1983 and the other on 31st January, 1986. On 29th June, 1983 there was reduction in the selling prices while on 31st January, 1989 selling prices of fertilisers to consumers were increased.

Consequent to downward revision in consumer prices in June, 1993 additional amounts had to be paid as subsidy. This was Rs. 190 crores for indigenous fertilisers and Rs. 69 crores for imported fertilisers in 1983-84.

Due to increase in selling prices of fertilizers in January, 1986, there was reduction in payment of subsidy amounting to Rs. 22.27 crores on indigenous fertilizers and Rs. 12 crores on imported fertilizers in 1985-86.

The increase in fertilizer consumer prices does not always result in reducing the net burden on subsidy as this depends on the cost of production of fertilizers, cost of imported fertilizers and overall consumption in the country in any particular year. The year-wise amount of subsidy provided by the Government is given in the enclosed annexure.