

करोड़ रुपये है, कितना पहले है और कितना बाढ़ में है, यह आंकड़े निकालना असम्भव है।

**श्री चतुरानन मिश्र :** यह जब तक निकाला नहीं जाएगा रिस्पांसिविलिटी किस पर है ? इसकी जिम्मेदारी किस पर है ?

**श्री उपसभापति :** बस, हो गया; नेक्स्ट क्वेश्चन।

**Delay in completion of the  
Vishakhapatnam Steel Plant**

\*262. SHRI M. S. GURUPADASWAMY: Will the Minister of STEEL AND MINES be pleased to state:

(a) whether it is a fact that the Soviet Union has expressed its concern over the delay in the completion of the Visakhapatnam Steel Plant;

(b) if so, what are the reasons for the delay in completing the project; and

(c) what steps Government propose to take to expedite the project?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI N. K. P. SALVE): (a) to (c) A Statement is laid on the Table of the House.

**Statement**

(a) No, Sir.

(b) Does not arise.

(c) The progress of the project is being monitored regularly at different levels in order that prompt measures are adopted to ensure the requisite effort in a coordinated manner. These reviews do sometimes indicate uneven progress in various inter-dependent segments of the project. Therefore, regular review meetings are held with infrastructure agencies for expediting the

progress, and with equipment suppliers and consultants for proper co-ordination of progress of engineering and supply of equipment.

Having regard to the finances available and the very large financial requirements of the project, a thorough review of the schedule of the project has been completed in order to synchronise the implementation of the different interdependent segments of the project fully consistent with the technological and operating parameters, matching the production planned in the project with the market, and ensuring that expenditure is incurred in an optimal manner. On the basis of this review, stage one of the project is expected to be completed by 1987-88 and the stage two by 1991-92.

SHRI M. S. GURUPADASWAMY: Sir, I have gone through the statement, but it is not very clear to me. According to the original schedule, the first phase of the plant was to be commissioned by February 1, 1986. Now it has been staggered and the statement has given the date 1987-88 when it will be completed. It is a very inordinate delay so far as the commissioning of the first stage itself is concerned. Regarding the second stage, the statement gives the date of 1991-92. According to the original schedule, it had to be completed by the year 1987. That is the information I have got. What are the reasons for this inordinate delay? As a result of this, there has been a huge escalation of cost. According to my information, the original estimate was Rs. 2,256 crores and with escalation it will be round about Rs. 3,897 crores. According to his statement made somewhere—I do not know; he must confirm this—he has said that this also is not true, that the escalation will be bigger than this and the cost will be round about Rs. 7,000 crores. It is a very terrible cost which the country cannot bear. You have said that meetings have been held and various agencies have been consulted in the matter

and decisions have been taken. But, in spite of all this exercise, the cost escalation is terrible and I do not think it can be justified.

SHRI N. K. P. SALVE: Sir, the assumption of the Member on both scores is correct. Firstly, we have re-scheduled the entire erection. It is delayed and it will be completed in 1987-88. Secondly, the escalated cost expected to be in the upward vicinity of Rs. 7,698 crores. The reasons for the first are two, as to why we have delayed, why we have staggered the erection of the plant. No. 1, so far as we are concerned, there was acute financial stringency and financial constraint. Secondly, the Andhra Pradesh Government was expected to provide certain basic infrastructural facilities, particularly water supply and power. They are having their own financial constraints and other difficulties. I do not blame them fully, but they are lagging behind hopelessly. In fact, they have asked for a Rs. 50 crore loan, but we ourselves are in financial difficulties. They had originally undertaken to carry on these infrastructure works out of their own resources. It is as a result of these two reasons, our own financial stringency and the delays being caused in the building up of the infrastructure which was the responsibility of the State Government. It is because of this that there is delay. Secondly, as to the escalation cost, the original cost estimates were based at 1980-81 prices. The prices have increased tremendously since then and as we go on building, it is inevitable that the price will come to Rs. 7,698 crores. Also, the hon. Member is right that if at this cost we have to produce steel, it is going to be very expensive. But we have already spent heavily. So we are going ahead with it and we are going to erect this plant.

SHRI M. S. GURUPADASWAMY: Because of this inordinate delay in implementing the project there is another problem which may arise. I

am sure the Ministry is aware of this. The technology itself may become obsolete by the year 1990-91 and we may be wasting our resources apart from the incurring of higher cost. So, may I know whether he has given thought to this matter, whether the technology that is being used now will be the technology which will be relevant in the year 1991-92? And also may I know, at the same time, what amount of money so far has been spent on this project as on today?

SHRI N. K. P. SALVE: Sir, so far as the first aspect of the question is concerned, the technology is likely to be obsolete. The blast furnace route technology which is prevalent all over the world is no longer popular because it is very cost ineffective. It is not obsolete in the sense that by that process if you make steel as though good steel is not made. But it is obsolete because it is extremely cost ineffective. Therefore, once we put it up with this cost, whatever be the implications of this cost because the variable cost perhaps will remain the same, the non-variable cost is bound to have very serious adverse repercussions as a result of high cost, and, therefore, Sir, this technology does not worry us from the view point of production of steel as such. It only worries us from the view point of the cost as such.

So far we have spent approximately Rs. 1,500 crores, and the total commitments are to the tune of Rs. 3,200 crores.

SHRI PARVATHANENI UPENDRA: Sir, the Minister is a very versatile man. He tried to conceal a deliberate attempt of the Government to delay this project through a clever manipulation of words. He says:

"...a thorough review of the schedule of the project has been completed in order to synchronise the implementation of the different interdependent segments of

the project fully consistent with the technological and operating parameters, matching the production planned in the project with the market, and ensuring that expenditure is incurred in an optimal manner."

Sir, whether you read it in English or whether the people of Andhra Pradesh translate and read it in Telugu, the sum total is, the Government has decided to delay this project. And for this there are five indications:

One is, the second stage of the commissioning of this plant has been rescheduled to 1991-92 from 1987 end.

Second, for the current year the Government has allocated only Rs. 400 crores as against the requirement of Rs. 1,000 crores.

Third, the Centre ordered the plant authorities to stop orders for the second stage equipment.

Fourth, the pact signed with the Soviet Union for supply of equipment for the second stage has also been stalled.

Fifth, the Centre ordered the plant authorities to transfer coke even silica refractories meant for the first stage of the coke oven batteries to the Bhilai steel plant.

All these five things indicate that the Government is deliberately delaying this project. As a matter of fact, after the bifurcation of the Medak Ordnance Factory in the Prunel Minister's constituency, this is coming as a second blow to us as if the State is being punished for electing a non-Congress (I) Government.

And the Minister's statement as regards lack of power and water is also not correct because Andhra is surplus in power, which I told the Prime Minister also the other day when she mentioned that Andhra was short of

power. Andhra is not short of power. During one year we produced 3,000 million units more.. Therefore, what the Minister has said about power shortage is not correct at all.

As regards the water shortage, the State Government has already taken steps to supply, to give, enough water. There is a lot of correspondence between the State and the Centre.

Therefore, will the Minister assure that there is no deliberate attempt on the Central Government to delay this project and that you will complete this project as early as possible?  
(Interruptions)

MR. DEPUTY CHAIRMAN: please allow the Minister.

SHRI N. K. P. SALVE: It is extremely essential, Sir, in a matter like this where we are doing our best to put up a plant despite all odds, and the minimum that you would expect is, to avoid political irrelevance. The allegations made by him that we are trying to discriminate is not only untrue but it betrays complete ignorance of what we are trying to do and to put the matter through. Sir, in my answer to the question raised by hon. Member, Shri Gurupadaswamy, I have already pointed out that we had to stagger his project because we had to phase-out and reschedule the entire erection programme owing to financial constraints. Notwithstanding the financial constraints I made unequivocal and categorical statement that we are going ahead with the work, though the ultimate cost is not going to be economical. In fact, the implication is that, in that question he did not make it clear as to what is the use of putting up a plant at this cost which is going to be so cost ineffective; and produce steel at a price which will not be viable. Despite that we are going ahead. Therefore, Sir, there is absolutely, if I may use the word 'no sense' whatsoever, in making these allegations that we are deliberately delaying.

The second point was about power. Sir, I am not at all trying to lay the fault at the doors of the Telugu Desam Government. I said they are having their difficulties and we are having our difficulties. The exact power position is like this. It is alright they are having surplus power. It also does not matter how much surplus power they are having today. What is needed is erection of additional equipment needed for the power supply. The Government of Andhra Pradesh have assured the supply of adequate power supply for the Visakhapatnam steel plant. The requirement of power for operating 3.4 million tonnes of steel project is estimated to be 350 megawatts. Of this, 70 megawatts will be category-I load. Any interruptions in the power supply will damage the steel plant. In accordance with the normal practice in all the steel plants arrangements have been made to meet this requirement. This is only for 70 megawatts. Now, out of 350 megawatts of power, the Andhra Pradesh State Electricity Board has to make arrangements for the supply of 250 megawatts of power to the steel plant. The Board is yet to finalise the details of the transmission network and receiving station. The conditions stipulated by A. P. State Electricity Board with regard to operation of the units are totally unrealistic and are, therefore, not acceptable to the Vizag steel plant. The matter is being pursued with the State Government. The fact that they have surplus power is wholly irrelevant for the question he raised.

SHRI PARVATHANENI UPENDRA: How can we provide when there is no progress?

MR. DEPUTY CHAIRMAN: Mr. Desai.

SHRI JAGESH DESAI: Mr. Deputy Chairman, Sir, the Hon'ble Minister just now said that the prices were based at 1980-81 prices. But, Sir, the escalation now goes up to 100 per cent. From Rs. 3,500 crores it is now about Rs. 7,500 crores. But, Sir, the prices have not gone up to that extent. The

prices have been controlled and they are within a double digit. So, I would like to know from the Hon'ble Minister whether the escalation in prices is on account of inflation or change in the design of the project for adopting new technology? That is my question.

SHRI N. K. P. SALVE: Substantially it is due to escalation. We are taking the escalation at 12 per cent compound and also partly because of some changes in the design of the project which are inevitable in a plant of this magnitude. MR. DEPUTY CHAIRMAN: Shri Eabul Reddy.

SHRI P. BABUL REDDY: Sir, the Minister has stated that in 1980-81 the estimates were Rs. 2200 crores and later on due to the escalation it went up to Rs. 50,00 crores. Now, he used a very apt expression, being an expert in accounts, it would whoop more than Rs. 7,600 crores. So that means 350 per cent but not 100 per cent. Sir, from the original estimate what are the major factors that contributed to this extraordinary escalation in the four years?

SHRI N. K. P. SALVE: Sir, I think that I have already answered that precise question put by Mr. Desai.

MR. DEPUTY CHAIRMAN: Question No. 263.

#### Telecast of happenings in Punjab by the Pakistan Television

\*263. SHRI DHARAM CHANDER PRASHANT: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that T. V. coverage by Pakistan of the army action in Punjab was distorted and happenings in Delhi Gurudwaras were telecast on the same evening by the Lahore T. V. Station; and

(b) whether it is also a fact that some spies are working in Delhi who take T. V. shots for Pakistan television and send the tapes the same day to Pakistan?