

thed, the Government is thinking of withdrawing all the materials from the private laboratories that are still with them.

**SHRI P. V. NARASIMHA RAO:** Sir, I do not have readily with me a full list of the laboratories which we have been making use or have made use of. I know that in the past some laboratories in Bombay were utilised for this purpose. But we found that they had already a heavy work-load and they were not attending to our films promptly. So, we had diverted in 1981, as I said, some of these films to Bangalore, to this firm, Vasanth Laboratories. Incidentally, this is the only case and this is the first instance of failure on the part of a private laboratory engaged in film processing work on behalf of the Ministry of Defence. Even on this one and solitary instance, we have now taken a decision not to entrust this work to any private laboratory

**SHRI SHANKARRAO NARAYAN-RAO DESHMUKH:** Sir I thought that the Defence Ministry had its own film processing laboratory, especially for processing colour films. But, if they have got their own laboratories why were not the films sent there?

**SHRI P. V. NARASIMHA RAO:** I have already submitted that neither we nor even the Information and Broadcasting Ministry, that is, their Films Division, have this colour facility at this moment.

**SHRI SURESH KALMADI:** Sir, I am really very surprised to note that the Defence Ministry has been so complacent. Sir, in the answer given by the honourable Minister, he has said that the film, 'Pechora Weapon System', is not a Top Secret or Secret film. I am very very surprised that a film on the missiles has been entrusted to a private laboratory. You say you have your own laboratory, but that is black and white, and that you don't deal with colour. I do not know why you are having this colour mania, everything in colour, colour TV, and so on. Here also, Sir, a film dealing with a defence missile is going to a private laboratory. I think the Government is keeping back something. I would like to know how the Government has assumed that

the film which has not been returned is raw material. It is raw that it has not been actually filmed. On what basis have you made the assumption that the quantity of film which is missing is raw film and not film which has got all these vital Defence installations on them?

**SHRI P. V. NARASIMHA RAO:** I have already submitted that there is a particular classification of these films: top secret, secret, confidential, restricted and unrestricted. Like that, five or six kinds of classification are there. And I have said categorically that the first two—top secret and secret—are done in our presence. (interruption) This is meant only for training. That is why it was given to them. It was not classified as top secret or secret.

#### Visakhapatnam Steel Plant

\*42. **PROF. B. RAMACHANDRA RAO:**†

**SHRIMATI USHA MALHOTRA:**

Will the Minister of STEEL, MINES AND COAL, be pleased to state:

(a) whether the Visakhapatnam Steel Plant has been designed adopting a technology which is already obsolete:

(b) if so, what is the cost of production at this plant compared to those based on recent technology; and

(c) whether it is possible to switch over at this stage to the latest technology so as to make this Plant viable and economical?

**THE MINISTER OF STATE IN THE DEPARTMENT OF STEEL (SHRI K. NATWAR SINGH):** (a) No, Sir,

(b) and (c) Do not arise.

**PROF. B. RAMACHANDRA RAO:** I would like to refer to the answer given by the former Minister, Mr. N.K.P. Salve,

†The question was actually asked on the floor of the House by Prof. B. Ramachandra Rao.

in this House on 9th August in reply to Question 262 put by Sirji M.S. Gurupadaswamy. The Minister stated: "The blast furnace process which is prevalent all over the world is no longer popular as it is very cost ineffective. It is not obsolete in the sense that the process of making steel is still being pursued. It is obsolete because it is extremely cost ineffective." The Minister confessed in his statement that it is obsolete because it is extremely cost ineffective. That is why the question has been asked and I wish the Minister understands why we are putting this question. I would like to put my first supplementary thus. When the Visakhapatnam steel Plant was designed, the consultants were Dastur & Company. I would like to know whether Dastur & Company has given the full facts that an alternative route, namely, LURGI process or what they call the direct reduction process is cheaper and will be more cost effective; if Dastur & Company has not given this advice, on what basis this was followed because the LURGI process was available at that time, when the designs were completed. And that is why this question was put. I would also like to say—perhaps you would also know—this process requires high grade coal. Now, is the high grade coal to be imported or is Coal India in a position to supply this to the Visakhapatnam Steel Plant to the order of 2.5 million tonnes?

**SHRI K. NATWAR SINGH:** I have listened to the honourable Member. I don't have my predecessor's statement readily available with me. I shall certainly look into it. With regard to the other point that the honourable Member has made, I think he has made an assertion, not any particular statement of facts. If he would like me to inform him and the House with regard to the reasons why we have adopted the blast furnace, basic oxygen furnace method, I would be very happy to do so.

**PROF. B. RAMACHANDRA RAO:** In view of the policy of the present Government headed by Shri Rajiv Gandhi that our public sector undertakings will run at profit, I wonder how this process

which is very cost ineffective as per the statement could be modified. As it is it would be running into huge losses. I would like a specific answer to these points: (1) whether the steel that will be produced will be exported, because Japan, I think, is producing one-third of the world steel production and is selling its steel at a cheaper rate; Since the Vizag steel plant is located on sea coast, is it meant for export? If so, how do we compete with Japan in this matter? If this is for indigenous production and if you want to reduce the losses, are you going to sell the steel at a higher price to the public?

**SHRI K. NATWAR SINGH:** Sir, I would like to inform the Minister...

**MR. CHAIRMAN:** Member.

**SHRI K. NATWAR SINGH:** Yes, the Member. I have to get used to the ways here in the House. I would like to inform the Member that the steel industry as a whole in the world is going through a thin period. I am sure, you are aware of it. Even in Japan and the USA, production was reduced last year as a deliberate decision on the part of these companies. These countries are now in the silicon age, in the post-industrial era. As far as we, a developing country, are concerned, we will be needing steel in the next five to ten years. The Vizag plant has not yet gone into production. So, the details that the hon. Member has asked for are not readily available. But our requirements in steel in the next five to ten years are going to be very considerable. That is why this particular Plant was taken into production field. It ran into some difficulties which you are aware because you come from there and you know even more than I am. But I hope to come to grips with this particular matter in the next few weeks and I hope I will be able to give all the details that you wanted.

**MR. CHAIRMAN:** Mr. Minister, the point that the hon. Member wanted is whether it is for indigenous consumption or for export. Will you clarify that?

**SHRI K. NATWAR SINGH:** I could not say at the moment.

**SHRIMATI USHA MALHOTRA:** Sir, as the hon. Minister has stated that the technology which is adopted at the moment is not obsolete, I take it that it is modern. Have you gone into a comparative study as to the cost of production? Is it less as compared to the other steel plants in the country like Bhilai, Bokaro, Rourkela? It is also said that we have a surplus production of steel in the country. Certain types of steel are not being produced in India and they have been imported recently during the Asiad. Are those types of steel going to be produced here in the Vizag Plant?

**SHRI K. NATWAR SINGH:** Mr. Chairman, Sir, with regard to the process, now the information that I have is that over 90 per cent of the world production is made through the blast furnace technology which we are using at Vizag. The rest is through direct reduction and other routes. At the steel making stage, 75 per cent of steel is produced through basic oxygen furnace route and the rest is through open hearth electric furnace. With regard to the future of this technology, for large integrated tonnage steel plants, basic oxygen continues to dominate the steel world. It is a common assessment that this technology continues to be so in the foreseeable future. I am not quite clear as to what madam meant by what we have imported for the Asiad games.

**SHRIMATI USHA MALHOTRA:** Certain sections of steel is not produced...

**MR. CHAIRMAN:** Shri Upendra. Only one question for you.

**SHRIMATI USHA MALHOTRA:** I just wanted a clarification.

**MR. CHAIRMAN:** There is no clarification. Shri Upendra.

**SHRI PARVATHANENI UPENDRA:** I would like to know from the hon. Minister as to what is the revised estimated cost of this project and when the first phase of the project will be completed. And anticipating his answer that there are some difficulties which he has just now mentioned, I would also like to

know, because you will not allow me another question, as to why the Ministry of Steel has refused to sanction a loan of Rs. 50 crores to the Andhra Pradesh Government to complete the Yeleru reservoir project which is required for supplying water for the steel plant.

**SHRI K. NATWAR SINGH:** With regard to part (2) of the question, I would like some notice to go into the details. With regard to the first part of the question, these figures with regard to the cost of the plant have been varying for a variety of reasons. And there has been delay in the commissioning of the Plant at various stages. Right now, I don't think I should be able to give you the exact figures. But if you want, I shall as soon as possible get the information from the Department and pass it on to you.

**SHRI PARVATHANENI UPENDRA:** You don't have the revised estimated cost?

**SHRI K. NATWAR SINGH:** I don't have the exact figures at present.

**MR. CHAIRMAN:** You can put a separate question. Next Question—Shri Kalmadi.

**SHRI GHULAM RASOOL MATTO:** Sir, it is a maiden answer by the Minister.

**MR. CHAIRMAN:** Yes, it is a very good answer.

#### **Loans advanced to Hotels Park, Meredian and Bharat**

\*43. **SHRI SURESH KALMADI:** Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that large sums of money have been advanced by the various public financial institutions and nationalised banks to the three Hotels viz., Hotels Park, Meredian and Bharat;

(b) whether it is also a fact that in the case of Meredian Hotel, the promoter have now provided worthwhile securities