

SHORTAGE OF STEEL AND IMPORT AND DISTRIBUTION POLICY

*554. SHRI R. P. KHAITAN : †
SHRI PRANAB KUMAR
MUKHERJEE :

Will the Minister of STEEL AND MINES/ इस्पात और खान मंत्री be pleased to state :

(a) whether it is a fact that there is a great shortage of Steel in the country;

(b) if so, the quantity of steel imported during the year 1970-71;

(c) whether Government have received complaints from the consumers and the industry about the new distribution policy of steel; and

(d) if the answer to (c) above be in the affirmative, the action taken by Government in the matter ?

THE MINISTER OF STEEL AND MINES/ इस्पात और खान मंत्री (SHRI S. MOHAN KUMARAMANGALAM) : (a) to (d) A statement is placed on the Table of the House.

STATEMENT

(a) Due to increased demand and limited availability from domestic sources, shortages of many categories of steel are being felt in the country.

(b) Precise figures for the whole year are not available. According to the latest published information, a quantity of 3.14 lakh tonnes of steel materials valued at Rs. 58.59 crores were imported during the period April, 70 to November, 70.

(c) and (d) Occasional complaints have been received from consumers and certain Associations about the procedural difficulties in the current distribution procedures including distribution of steel materials through stockyards. Certain modifications have been made with a view to stream lining the procedures. An appraisal Division has been set up in the Office of the Iron and Steel Controller to look into such complaints. Regional Offices of the Iron and Steel Controller have been set up at Bombay, Madras, Delhi and Calcutta. One of the functions

of these offices will be to ensure that distribution from stockyards is in line with the procedure evolved.

श्री आर० पी० खैतान : मंत्री जी ने जो यह स्टेटमेंट दिया है उसमें उन्होंने बतलाया है कि कुछ चीजों का शार्टेज जरूर है। तो मैं यह पूछना चाहूंगा कि कौन कौन सी कैटेगरी की स्टील की देश में ज्यादा शार्टेज है और उसमें ज्यादा ब्लेकमार्केटिंग चल रहा है और उसके लिये वे क्या कर रहे हैं। जिन को जरूरत है उनको स्टील देने के बदले दूसरों को दी जाती है। तो क्या उनको पहले दी जायगी जिस से देश में जिन चीजों को कमी है वह दूर हो सके।

SHRI S. MOHAN KUMARAMANGALAM : The hon. Member wants to know the various categories. Now, if he would like I can give the full details, no doubt, of the different items, but that would mean getting all the facts and putting them on the Table of the House, which he can then examine.

श्री आर० पी० खैतान : मेरा दूसरा प्रश्न यह था कि जिन जिन चीजों की ज्यादा शार्टेज है और जिन का बाजार में अभाव है उनके लिये पहले स्टील क्यों नहीं दी जाती है।

SHRI S. MOHAN KUMARAMANGALAM : I could not follow.

MR. CHAIRMAN : Why are the things which are scarce not disposed of first ?

SHRI S. MOHAN KUMARAMANGALAM : So far as imports are concerned, we have tried to liberalise it to the maximum extent possible. Where we find that it is necessary and when we are unable to supply from our internal production, we always clear it and recommend that, imports should be permitted. By and large there is considerable liberalisation so far as permission to import steel is concerned. Without steel we know that most of our industries will not be able to function properly.

MR. CHAIRMAN : Mr. Pranab Kumar Mukherjee.

†The question was actually asked on the floor of the House by Shri R. P. Khaitan.

श्री आर० पी० खेतान : आपने पहले क्वेश्चन के उत्तर में यह बतलाया कि रीरॉलिंग मिलों का 236 रु० टन स्टील दे कर उनसे हम माल बचाने लेंगे रहे हैं। तो क्या यह सच है कि उन्होंने 195 रु० की मांग की थी और उन लोगों को न देकर के 236 रु० के हिसाब से जो बड़ा बड़ा रोलिंग मिलें हों उनको दिया गया।

SHRI S MOHAN KUMARAMAN-GALAM It is not correct that the amount asked for the billet re-rollers is less. In fact, the amount asked for is greater than what we have ultimately fixed, namely, Rs 236. On the basis of investigations we think it to be a fair amount and it is less than what was originally asked for. It is also not true to say that we are discriminating against the small re-rollers. The hon. Member must be aware that there are different categories of re-rollers, viz., those who have been registered earlier and whose production has been examined by a committee and, therefore, who are skilled and who are given preference and those who have come later into picture.

SHRI PRANAB KUMAR MUKHERJEE May I know whether in the present arrangement of distribution only 20 per cent of the material received in the stockyard is earmarked for the small-scale industries as a result of which most of the engineering industries which come within the small-scale sector are hard up for want of raw material? If so, may I know from the Government whether they are going to increase the quantum of steel to the engineering industries from internal resources? If not, may I know whether they would allow the engineering units to import more amount of steel so that our engineering goods may have a ready market in the world?

SHRI S MOHAN KUMARAMAN-GALAM As I mentioned earlier, the Government has been pursuing a policy, ever since the steel shortage developed, of liberalising imports and, when we are not able to supply an adequate amount of steel particularly to the engineering industries, we help them to carry on their production by permitting them to import. So far as the small-scale industries are concerned, we are trying to do our best to help them. No doubt the amount of steel that we are giving them does not measure up to their de-

mand. When therefore applications are made for import of steel to make up the amount that they really want through us, we always recommend them and assist them to try and get these imports. We are trying to do our best so far as the small engineering industries are concerned. But again the overall shortage is such that we are not really able to do justice to their demands. We have to, according to our list of priorities, give naturally the pride of place to the needs of the defence industries and certain major public sector projects which are of vital importance from the point of view of the future of the country, and this necessarily means that there is a certain shortage so far as the small industries are concerned. But I can only assure the House that we have got this in mind and we are trying to do our best to bridge the gap.

SHRI N SRI RAMA REDDY The hon. Minister said in answer to a previous question regarding billets supplied to the re-rolling mills in the private sector that the finished product is obtained by the Government and distributed through Government channels. I would like to know whether any quota is fixed for distribution by the re-rolling mills or the entire product manufactured by the re-rolling mills is obtained by the Government and distributed through Government channels. Secondly, a small question, the steel quota allotted for house building purposes in the private sector is said to be too small with the result that the house building industry is very much put to a handicap at the present moment. I would like to know whether the Ministry is considering the question of making a liberal allotment for house construction purposes.

SHRI S MOHAN KUMARAMAN-GALAM So far as the billets that are now being supplied to the re-rolling mills are concerned, the entire production is taken back and distributed through the Joint Plant Committee and the Steel Priorities Committee. So far as the question of the private house builders or persons building their own houses is concerned, we have been receiving a number of complaints about lack of steel particularly in cities like Delhi. For instance, 30 per cent of all steel material normally used for this purpose is reserved for house builders which arrives in the stockyard but this unfortunately has been inadequate in the face of the requirements in big cities. What we are doing now is with the introduction of

the Billets Re-rolling Committee which is responsible for giving billets and getting the finished products back, the availability of re-rolled products used in house building will become more, that is to say, 30 per cent of the additional availability in stockyards will be kept for the private house building sector. We hope that will ease the situation. I do not claim it is going to solve everything, but we hope it will improve the situation so far as the persons who are building private houses are concerned.

SHRI KRISHAN KANT May I know whether it is a fact that when any consumer write to the Hindustan Steel for allotment of steel, the reply sent to him is "We have no material in stock, do not write to us again, you please look for alternate source"? What does the expression "alternate source" mean? It means you go to the blackmarket. It means the Government is actually encouraging blackmarket. What does it otherwise mean? May I know why this sentence is there? Secondly, has the Minister enquired

MR CHAIRMAN Do not put too many questions

SHRI KRISHAN KANT This one simple question only. May I know whether he has tried to enquire about the functioning of the offices in Bombay, Calcutta and Delhi? If the smaller men go there, their contactmen there say, unless you pay some money you cannot even meet the officer concerned and even if you put in a complaint it will not serve any purpose. Have you made any private enquiry or asked the CBI to do it, to see how these offices are functioning, and what action has been taken against any one of them till now? Lastly

MR CHAIRMAN. Others also have to put questions

SHRI KRISHAN KANT Sir, he said that they are taking control of stock of re-rolling steel. In the case of Tor steel which is produced by Rathi Steel it is much more costly than others. Have you made any enquiry about the profit there?

SHRI S MOHAN KUMARAMAN-GALAM To start from the end, because that nearest to my memory, so far as Tor steel is concerned, it is under control along with other types of steel

I would like to correct one statement made just now. I stated that all that goes to the re-rollers comes under control. But it is the major portion. But some special products such as jute baling hoops and things of that character have not been taken over. But that is only for a special, very limited market. I do not think it makes any difference to the basic position. Now, so far as the letter to which the hon. Member referred is concerned, I am not quite sure. If he gives me the letter, I will look into it and see as to when it was issued because if it was issued before control...

SHRI KRISHAN KANT It is sent to everybody

SHRI S MOHAN KUMARAMAN-GALAM before May I—that is why I am asking him—then it may refer to the re-rollers who were not under control then. Then the alternative source would be to go to the re-roller and ask him and get it from him. But if it was issued after 1st May, then it assumes a different significance. It may be a lack of the understanding of the officer who does not appreciate that the position has changed. That may be the position. But taken by itself that may not be an incorrect letter to be sent because it certainly means that you go and try and get the steel if you like from the re-rollers. That may be the position so far as the letter is concerned.

So far as the question of the difficulty in meeting the officers unless money is paid, well, general complaints of this character are being made, no doubt. But we have not received any specific allegations, and I can say frankly that I do not know of any cases which have been pointed out to me and which have been proved when officers refuse to meet people unless money is paid to them.

SHRI K CHANDRASEKHARAN Sir, the hon. Minister has stated that the imported quantity of steel in 1970-71 was of the order of 3 lakh tonnes. He has also stated that there is a shortage of 10 lakh tonnes of steel in this country. May I know from him as to why in this state of affairs we are importing a lot of steel and continuing to do so? May I know as to why we are pursuing a policy of exporting of steel, and what is the quantity of steel exported in 1970-71?

SHRI S MOHAN KUMARAMAN-GALAM We have cut down the export very substantially for the coming year. Even in 1970-71 it is reduced compared to earlier. I think it is reduced, I am not quite sure of the figures at the moment. But this year what we are doing is, so far as the contracts that we have already entered into are concerned—and which from the commercial point of view and from the point of view, let us say, of international trade morality we should not break, we are continuing to honour those contracts. So far as the countries with which we have got trade relations over a period are concerned, we want to preserve those markets for the future, and those also we are trying to keep. But we are trying to restrict that. We are not hunting for more markets as it were but we are carrying on our export policy in such a way as to limit it to the maximum extent without permitting the future to suffer because we should not also give up all those markets by saying that we have no steel to give you. And it is better perhaps even to keep certain markets intact to keep them in our hands, and import steel rather than sacrifice them because we do look to the future as one where we will be able to improve our production of steel and we will be able to continue our export of steel. So far as the exact figures are concerned, if the hon'ble Member would give me notice I will put all the figures on the Table of the House or give them to him.

DR BHAI MAHAVIR Is the hon'ble Minister aware that in the present system the main producers ask for a very heavy advance with every indent to the extent of 25 per cent which goes to huge amounts which are kept blocked up to two years and because of delay in the supply of the order the order lapses. This is a system under which a small industrialist cannot afford to place an order. Is the Minister aware that the normal market supplies have practically been stopped and all the steel goes to the stockyards, as Mr Krishan Kant pointed out. I would like to know whether the Minister is aware that not only there are complaints of procedural delays there are complaints of enormous corruption against stockyards. They are described to have become hotbeds of corruption. May I know, Sir, if the Minister is taking any steps to look into these complaints regarding dealings of the stockyards and, if so, what enquiry is being held?

SHRI S MOHAN KUMARAMAN-GALAM Regarding the question of making advances, we are liberalising, that is to say, on the basis of being satisfied of the financial soundness, the amount that is taken, we are trying to reduce it. We know it is causing hardship.

DR BHAI MAHAVIR Something like bank guarantee.

SHRI S MOHAN KUMARAMAN-GALAM Not exactly. That is why I used a more neutral word "liberalising". We are conscious of this defect and we are trying to improve it.

So far as the question of "hot-bed of corruption" is concerned, I have already mentioned earlier in my reply that while there have been many allegations of a general character, allegations of specific character have not come to our notice. The hon'ble Mr Krishan Kant mentioned that people would not like to bring such allegations to our notice because if they do then they may lose their steel. That is possible. But that does not make it any the easier for us to locate where exactly the corruption is. If, hon'ble Members can assist us, certainly we will take whatever action should be taken in a matter like this.

DR BHAI MAHAVIR There is a subtle difference. He asked about the office of the Controller. I am asking about the stockyards.

SHRI S MOHAN KUMARAMAN-GALAM I am replying also in terms of stockyards. As I have already stated, we do recognise that there are malpractices. Because of our recognition of existence of malpractices we have appointed Regional Assistant Controllers and have opened four offices in the main industrial centres, namely, Delhi, Bombay, Calcutta and Madras. Part of their duty, apart from checking on distribution, also is to check on these malpractices. This is particularly in relation to stockyards because they are officers of the office of the Controller of Iron and Steel. We hope that that will lead to improvement.

SHRI A P JAIN My question relates to giving billets and re-purchasing them after paying for manufacturing charges. Is the Minister aware that the same product when manufactured by the steel mill is of higher quality than when

it is purchased from the re-rollers. Has any complaint come to his notice and whether he is aware that the re-rolled products are of an inferior quality. When they are sold through governmental agency they attain a certain amount of respectability. What precaution, if any, does his Ministry take to ensure that the product purchased from the re-rollers is of a proper quality?

SHRI S MOHAN KUMARAMAN-GALAM: So far as the work of the re-roller is concerned, I think there is a difference, subject to correction, but I will check on that and tell the hon'ble Member later. I think there is a difference between, what may be called, tested billets and untested billets. If they are rolled from tested billets, then the quality of the billets will naturally be of a much better quality. What is rolled will be much better. It will be as good as those of the main producers. But where the quality of the billet itself is not good, then certainly the quality of whatever is rolled also goes down.

MR CHAIRMAN Next question.

NON-SUPPLY OF RAILWAY WAGONS

*555 **SHRI LOKANATH MISRA :**
SHRI SASANKASEKHAR SANYAL :
SHRI NIRENA GHOSH.†
SHRI SALIL KUMAR GANGULY :
SHRI K. C. PANDA :
SHRI K. SUNDARAM :

Will the Minister of STEEL AND MINES/ इस्पात और खान मंत्रालय be pleased to state :

(a) whether repeated complaints have been received by Minerals and Metals Trading Corporation regarding non-supply of Railway wagons to Bihar and Orissa Mines during the year 1970-71;

(b) whether there is an apprehension of the closure of the mines if accumulation continues at this rate, and

(c) if so, what action has been taken by Government in the matter?

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

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES/ इस्पात और खान मंत्रालय में राज्य मंत्री (SHRI SHAH NAWAZ KHAN): (a) A few complaints have been received by the Minerals and Metals Trading Corporation, regarding non-supply of railway wagons in Barajamda Sector.

(b) Yes, Sir.

(c) The Government are fully seized of the matter. Owing to difficulties faced by Railways in the movement of iron ore in this area, stocks of iron ore have accumulated at mine/rail heads. Steps are being taken, in consultation with the State Governments, to improve the law and order situation so as to control the large number of thefts of wagon parts, over-head wires, telecommunication, signal and other equipment belonging to the Railways and stop the intimidation and even assaults on Railway staff, and thereby increase the supply of wagons for quicker movement of ores.

SHRI NIREN GHOSH : Sir, the hon. Minister has said that there have been "a few complaints". But as far as my knowledge goes, not only the Minerals and Metals Trading Corporation but even the private sector mine owners—iron ore or coal or other mines—have repeatedly complained of shortage or non-supply of railway wagons. I have seen huge stocks of coal lying at the pit-heads, and mines have been closed. I would like to know whether this is the real picture. If so, how many mines have been closed due to non-supply of railway wagons? And what is the position of the workers in those coal mines? Have they got any relief or they are simply without any means to subsist? Secondly, the Minister says it is a law and order position. I cannot understand this. He should clarify. What has the law and order situation to do with the supply or non-supply of railway wagons?

SHRI SHAH NAWAZ KHAN : Sir, the position of supply of railway wagons is pretty serious, and the position in many cases is really critical. As the hon. Member has very rightly said pit-head stocks of iron, coal, etc., are mounting up. The Railways are experiencing great difficulty in supplying railway wagons to the users because overhead traction wires are cut and taken away. There is electric traction in eastern India and once the electric overhead wires are cut, the electric trains cannot function.